

DAILY REPORT

China

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VIETNAMESE SLANDER, ATTACKS CONDEMNED TO UN

OW122327 Beijing XINHUA Domestic Service in Chinese 1640 GMT 12 Feb 86

[Text] United Nations, 12 Feb (XINHUA) -- A memorandum of the Chinese Foreign Ministry, made public today at the United Nations, sternly condemns the Vietnamese authorities' wanton acts in invading Cambodia and opposing China. The memorandum also refutes their slanders and attacks against China.

On the afternoon of 11 February, Li Luye, Chinese permanent representative to the United Nations, sent a letter to UN Secretary General Javier Peres de Cuellar, requesting the distribution of this memorandum entitled "Memorandum on Questions of Stepped-up Aggression Against Cambodia and the Creation of Tension Along the Sino-Vietnamese Border by the Vietnamese Authorities." The memorandum was distributed today as a document of the UN General Assembly and the Security Council.

The memorandum points out: Recently, the Vietnamese authorities proclaimed their intention to improve Sino-Vietnamese relations, at the same time setting their propaganda machine in full motion against China. In the UN General Assembly they have disseminated the so-called "Communique of the Committee for Investigation of Anti-Vietnamese War Crimes of Chinese Expansionists and Hegemonists," which leaves no stone unturned in slandering and attacking China, and accusing China of crimes of aggression and expansion.

The memorandum points out: During the past 7 years, the Vietnamese authorities have mobilized 200,000 troops to invade and occupy Cambodia, brutally trampled the independence and sovereignty of Democratic Kampuchea, pushed neo-colonialism in occupied areas, and on many occasions, intruded into Thai territory, posing a serious threat to peace in the entire Southeast Asian region.

[Beijing XINHUA in English at 1314 GMT on 12 February 86, in a similar report, renders the previous paragraph... "For seven years now, the memorandum said, 'the Vietnamese aggressor troops have been engaged in wanton attacks and mopping-up operations against the patriotic resistance forces in Kampuchea, brutally massacring innocent Kampuchean civilians and committing heinous crimes against the Kampuchean people. Pushing a policy of neo-colonialism in Kampuchean areas under their occupation, the Vietnamese authorities are systematically emigrating large number of Vietnamese into Kampuchean territories in an attempt to Vietnamize Kampuchea,' it said."]

The Vietnamese authorities have totally disregarded [the XINHUA English item adds at this point... "rejected and vilified"...] the just calls of the international community and the resolutions adopted by the UN General Assembly urging the withdrawal of Vietnamese troops from Cambodia. Their so-called "negotiations" and "troop withdrawal" are nothing but deceptive talk. "Perpetuating their occupation and control of Cambodia is their real intention."

[The XINHUA English item adds at this point... "Recently, the memo points out, the Vietnamese authorities have clamorously repeated that they will definitely not pull out their troops by 1990 if their demands, which are unjustifiable, are not met, and that even after 1990, they will not necessarily withdraw their troops unless their puppet troops have become strong enough by then."]

The memorandum says: "China consistently upholds justice, resolutely opposes any hegemonist practice, and strives to safeguard regional and world peace. As a friendly neighbor of Democratic Kampuchea, we join the ASEAN countries and the majority of UN member states in supporting the Cambodian people's struggle against aggression and strongly demanding the immediate withdrawal of all the Vietnamese aggressor troops from Cambodia.

"This is entirely just. The slanders and attacks hurled by the Vietnamese authorities against China on the Cambodian issue are to no avail."

Referring to the Vietnamese authorities' wanton acts against China, the memorandum states: "For a long time, the Vietnamese authorities have pursued an anti-China policy as their national policy and created armed conflicts along the Sino-Vietnamese border as their major anti-China trick. According to incomplete statistics, from April 1979 to the end of 1985, Vietnamese troops committed armed provocations and intrusions on more than 10,000 occasions along the Sino-Vietnamese border. They constantly fired and shelled areas within China's Yunnan and Guangxi, killing and injuring many Chinese border residents and disrupting the tranquil state of China's southern territory. As a result, the Chinese residents in these border areas can neither carry on their normal production nor lead normal lives. "In the past year the Vietnamese troops' provocative activities have increased rather than ceased. They have constantly carried out large-scale shelling of Malipo, Hekou, and Jinping Counties in China's Yunnan Province and Longzhou, Napo, Fangcheng, and Ningping Counties in Guangxi Zhuang Autonomous Region, firing nearly 500,000 shells of one kind or another and killing or wounding over 10,000 Chinese residents living in the border areas." "They made ceaseless efforts to send out ground troops of company or platoon size or even of battalion or regimental size to attack China's border defense posts in Laoshan, Yunnan, and in other areas on as many as 1,000 occasions in a year. Such a large number of attacks in a single year has been unprecedented since 1979." "Currently, the Vietnamese authorities are still sending more troops to the Sino-Vietnamese border so as to provoke new military conflicts."

The memorandum continues: "Numerous facts show that the tension along the Sino-Vietnamese border has been the sole making of the Vietnamese authorities." "In the face of the Vietnamese troops' wanton provocations and driven beyond forbearance, the Chinese frontier guards have naturally fought back forcefully. This is entirely an act of self-defense under compelling circumstances and an exercise of their sacred right."

In conclusion, the memorandum states: "We treasure highly the traditional friendship between the Chinese and Vietnamese peoples and hope that the Vietnamese authorities will become aware of their errors and mend their ways by immediately withdrawing all their aggressor troops from Cambodia and halting all provocations against China, creating conditions for a fair and reasonable settlement of the Cambodian issue, for the normalization of Sino-Vietnamese relations, and for the restoration of peace and stability in Southeast Asia."

BAN YUE TAN ON PROSPECTS FOR U.S.-SOVIET RELATIONS

HK090651 Beijing BAN YUE TAN in Chinese No 1, 10 Jan 86 pp 28-30

[Article by Peng Di, XINHUA commentator and former chief XINHUA correspondent in Washington: "The Prospects for U.S.-Soviet Relations"]

[Text] Editor's note: The building of the four modernizations needs a prolonged peaceful international environment. At the start of the new year, people will naturally be anxious to know what development and changes will take place in the international situation. Our editorial department specially invited Comrade Peng Di, Comrade Yu Mingshen, Comrade Yu Hang, and Comrade Luo Zhaohong to write articles on the prospects for U.S.-Soviet relations, the situation in world "hot spots," North-South relations, and trends in the development of the world economy. This group of articles will help us to understand and observe the world situation. [end of editor's note]

The old year has passed and the new year has come. At a time when the new replaces the old, U.S.-Soviet relations have shown some improvement. Last November, the heads of state of the two countries met in Geneva. Since then, the summit quarrel has turned into summit dialogue, and U.S.-Soviet economic and cultural relations have begun to improve. This change in their bilateral relations has been welcomed by the people of the whole world.

People hope that the two superpowers will continue to ease the tension between them and walk on the road of peace by first reducing their arms, especially nuclear arms, and softening their regional confrontations and trying to reach substantive agreements on some major issues, especially on their contention over the hot spots, in order to reduce their bipolar confrontations and prevent a new world war.

At the same time, people are also worried: The U.S.-Soviet confrontation has been serious for decades and such little easing of the atmosphere will not be enough for the overall relaxation of the tension between the two superpowers.

This worry cannot be called unreasonable. As far as strategic nuclear weapons are concerned, the United States has in all more than 1,800 instruments for delivering nuclear bombs, whereas the Soviet Union has in all more than 2,500 such instruments. Each of them respectively have over 10,000 nuclear warheads. They aim these nuclear weapons at each other 24 hours a day. A single mistake or a minor incident could cause a war. When that time comes, not only will the nuclear weapons "totally destroy" the two superpowers from the ground, the sea, and the sky, but the nuclear pollution will also harm other countries in the world. This cruel reality has not been changed. Even since last year's U.S.-Soviet summit talks, there has been a continued expansion of the nuclear arms race between the two superpowers, and this expansion is expected to develop into space.

The language of the two superpowers has less in common on the issue of regional contention. The two superpowers have concentrated their best troops and most advanced weapons in Eastern Europe and Western Europe respectively. Their troops now stand in combat readiness and a single conflict could cause a full-scale war. There are hot spots of contention in Southeast Asia, Northeast Asia, the Middle and Near East, and Central and South America. The partial wars conducted by the two superpowers have never ceased.

Although the tone of the verbal struggle between the two leaders has softened a little, the leaders of both countries were still hostile to each other even during and after their summit talks. And there is always a sting in their remarks to each other. One side accuses the other of militarism, while the second accuses the first of expansionism. Both sides have simultaneously said: "We don't cherish illusions about you" to each other. Both sides have unanimously stressed that, because of fundamental differences between them, they can only continuously contend with each other in the future. There is still a long way to go before their differences are finally solved. It seems that it is really difficult to break the solid ice between them.

However, is it true that, except for the improved atmosphere in U.S.-Soviet relations, it is impossible for the two superpowers to reach agreements on some major and substantive issues? It is too pessimistic to think like this, because times have changed.

First, although only the two superpowers are qualified to start a world war, they cannot arbitrarily do things according to their own will because it is a matter concerning all the people in the world. The people of the whole world, the Third World countries, and all the other countries in the world, including the military allies of both the United States and the Soviet Union, are all strongly against war.

The war forces are actually surrounded by the forces of peace. So each military deployment or each step toward arms expansion has met with increasingly strong opposition and resistance. The people's struggle against foreign oppression and intervention in Cambodia, Afghanistan, and the Third World and the mass antiwar movement in Western Europe and North America echo each other at a distance and form a great wall of peace that the forces of war cannot surmount. At present, all the countries in the world are demanding that the two superpowers adopt an attitude of restraint and be no enemies of peace.

Second, nowadays, the development of nuclear weapons has changed people's traditional concepts of war. For example, past wars could end with one side the victor, but present wars can only end with both sides suffering. In the past, at the beginning of a war, big countries like the United States and the Soviet Union could still win some time for preparations, but modern wars have changed the traditional concepts of space and time, so the United States and the Soviet Union, including their capitals, could become the battlefield of a nuclear war immediately after a war breaks out. The leaders of the United States and the Soviet Union have said that they "unanimously agree that neither of them could win a nuclear war, so they should never fight a nuclear war." Their remarks reflect the actual situation and are not diplomatic language.

Under such objective and subjective circumstances, the leaders of the United States and the Soviet Union are expected to take into consideration the common aspirations of people throughout the world, the uncertain future of the nuclear arms race, and the serious consequences of a nuclear war, and strive harder to reach agreements on some major and substantive issues. As I have said before, because of the antagonism between the interests of both sides and the deep chasm between them, there will be a long and complicated struggle between the two superpowers. For instance, both sides have agreed in principle to reduce their respective nuclear arms by 50 percent. But, because both sides fear that they would destroy their present balance, no one knows how many complicated negotiations it will take for an agreement in practice to be realized. Even when they have reduced their nuclear arms by 50 percent, they will still have more than enough weapons to destroy each other. It will be more difficult for the two superpowers to reach agreement on regional confrontations, because they each have gains and losses in these areas. And, for the time being, regional confrontations have not directly or immediately affected their respective safety. Of course, it would be another question if major internal changes took place in some regions. For example, if the Arab countries and the Palestinian people can further strengthen their unity and coordination and eliminate foreign intervention, a Middle East peace agreement would probably be reached, and the superpowers would have no way to obstruct the Middle East peace process.

In a word, that the United States and the Soviet Union have begun their dialogue is a good beginning, but it is also the beginning of a long process. So the people of the world cannot relax their vigilance. Demanding peace is the right of the people of all countries. Stopping the arms race, especially conscientiously reducing and then thoroughly destroying all nuclear weapons, is primarily the responsibility of the superpowers. All countries fighting for peace can obstruct plans for a war from various aspects, continue to exert influence and pressure on the superpowers, and try to make them not only hold talks but also take actual steps toward agreements which not only do not harm the interests of other countries but are also beneficial to world peace.

REAGAN 'CONCERNED' OVER SITUATION IN PHILIPPINES

OW121111 Beijing XINHUA in English 0928 GMT 12 Feb 86

[Text] Washington, February 11 (XINHUA) -- President Ronald Reagan repeatedly avoided comment tonight on the election in the Philippines but said his country is "concerned about the violence that was evident there and the possibility of fraud." In a press conference at the White House, Reagan said he will not comment officially until the counting of votes has finally been completed in the Philippines. "We are neutral. And then we hope to have the same relationship with the people of the Philippines that we have had for all these historic years," the President said. Reagan said violence and fraud could have been occurring "on both sides". However, he added that the United States is "encouraged by the fact that it is evident that there is a two-party system in the Philippines and a pluralism that I think would benefit their people. And we are glad to see that particular thing happen and we'll wait until we hear the outcome."

The election in the Philippines has caused concern here in the past few days. The United States sent a group of observers headed by Senator Richard Lugar, who has just returned with reports that they witnessed fraud and violence by backers of President Ferdinand Marcos. U.S. press and television networks have carried widespread reports of such fraud. Supporters of Corazon Aquino today braved heavy snow to hold a demonstration at the square opposite the White House to voice their support. Asked on whether the two U.S. bases in the Philippines are of paramount importance when he considers U.S. policy, Reagan said: "One cannot minimize the importance of those bases, not only to us, but to the Western world and certainly to the Philippines themselves." He added: "I don't know of anything that's more important than the bases on the Philippines." Asked whether "an unprecedented fraud" would be accepted by the U.S., Reagan replied "no", adding that this is the election of the Filipino people and "we'll wait and see what the final count determines." Reagan said he would send retired diplomat Philip Habib to the Philippines to meet political, church and other leaders in an effort to assess the desires and needs of the people.

Lugar Comments

OW121154 Beijing XINHUA in English 1140 GMT 12 Feb 86

[Text] Washington, February 11 (XINHUA) -- U.S. Senator Richard Lugar, leader of the U.S. observation delegation with returned from the Philippines Monday, asked President Ronald Reagan today to remain neutral in the Philippine presidential election, press reports said here today. After reporting to President Reagan for 35 minutes, the senator told reporters that "nobody has won" in the Philippine election. "That is important for the President to recognize the election is not over," he added. "I advised everybody the process goes on and it is in our interest for it to go on."

The Senate Foreign Relations Committee chairman also said there were irregularities and fraud in the election. But he added: "the question at this point is whether it is retail, was it wholesale, was it of the magnitude that the election results, the will of the people, might be frustrated." He noted the count was controlled by officials under President Ferdinand Marcos. "That is the government and it was great power." Lugar said his 20-member delegation was careful not to pass a quick judgment that the election was invalidated by government abuses, thereby giving Marcos an excuse to throw out the results and stay in office. "We were not going to give him (Marcos) that option," the Indiana Republican told a news conference shortly after reporting to Reagan at the White House. "Our advice, I think, to everybody -- the government or the opposition -- would be to count fair and square," he said. "There is still that ability to handle that."

LAST EXPATRIATE RUSSIAN SHANGHAI RESIDENT LEAVES

HK121428 Hong Kong AFP in English 1406 GMT 12 Feb 86

[Text] Hong Kong, Feb 12 (AFP) -- The last Russian resident of Shanghai has left the mainland after nearly a lifetime spent in China, including 15 years in a Shanghai prison, and is here en route to Australia, it was reported here today.

Sergei Ivanovich Kostrometinoff, 77, a former freelance writer for the Hong Kong-based weekly FAR EASTERN ECONOMIC REVIEW, plans to leave for Australia later this month where he will settle under an Australian programme offering refuge to Russians exiled in China, the REVIEW said in its latest issue.

Born in China to Russian parents, Mr Kostrometinoff worked as a journalist, translator and interpreter until he was sent to prison without trial in 1967 at the height of China's tumultuous Cultural Revolution, the REVIEW said. Mr Kostrometinoff spent eight years in jail before he was put on trial and convicted of spying for so-called "Soviet revisionists" in 1975. He was kept in prison another seven years until his release in 1982, the REVIEW said, adding that Mr Kostrometinoff then stayed in Shanghai to await cash compensation given to victims of the Cultural Revolution and which had been promised him by the Chinese authorities.

But when he learned last week that he was not entitled to any reparation because he had been self-employed, Mr Kostrometinoff, who had obtained a new Soviet-issued passport, decided to leave China, the REVIEW said. "In spite of his hardships, he is not bitter," said the REVIEW which quoted him as saying: "The people in charge in China today are the same people who suffered as I did, even worse, during and after the Cultural Revolution."

Mr Kostrometinoff plans to visit his son and daughter in Moscow after settling down in Australia, the REVIEW added.

DPRK'S NODONG SINMUN CALLS FOR COMBAT READINESS

OW121001 Beijing XINHUA Domestic Service in Chinese 0751 GMT 12 Feb 86

[Text] Pyongyang, 12 Feb (XINHUA) -- Korea's NODONG SINMUN published an editorial on 12 February, calling on the Korean People's Army and all Korean people to resolutely execute the order of the supreme commander of the Korean People's Army on maintaining combat readiness and closely watching the development of the joint military exercise staged by the U.S. and South Korean authorities in order to firmly safeguard the socialist motherland.

The editorial said: The U.S. and South Korean authorities have deployed massive troops near the DMZ and staged a large-scale joint military exercise, posing a direct threat to North Korea. Officers and soldiers of the People's Army and all Korean people should maintain high vigilance. The editorial also called on South Korean people to rise up to oppose the joint military exercise staged by the U.S. and South Korean authorities.

Kim Il-song, supreme commander of the Korean People's Army, issued an order on 10 February, urging the People's Army and all Korean people to maintain combat readiness in order to counter the "Team Spirit-86" joint military exercise of the United States and South Korea, which began on 10 February.

DPRK EMBASSY IN BEIJING CONDEMNS EXERCISES

OW130846 Beijing XINHUA in English 0828 GMT 13 Feb 86

[Text] Beijing, February 13 (XINHUA) -- Kim Chang-kyu, charge d'affaires ad interim of the Embassy of the Democratic People's Republic of Korea, today denounced the on-going U.S.-South Korea joint military exercises. At a press conference he gave at the embassy this morning, Kim said the "Team Spirit-86" military exercises, begun on February 10, damaged the peaceful atmosphere on the Korean peninsula. It was a barbarious act trampling on the peace in Asia and the world as a whole, he added.

KCNA ON SR-71 INTRUSIONS INTO DPRK AIRSPACE

OW121818 Beijing XINHUA in English 1456 GMT 12 Feb 86

[Text] Pyongyang, February 12 (XINHUA) -- A U.S. high-speed, high-altitude reconnaissance plane, identified as an SR-71 intruded into Korean airspace twice today, the KOREAN CENTRAL NEWS AGENCY reported. A similar U.S. plane also intruded into airspace over the Korean coastal waters yesterday, the KCNA said.

Early on February 10, the United States and South Korea began major joint military exercises, code named "Team Spirit-86." Since exercises began, the U.S. has intensified its reconnaissance in Korean airspace, the KCNA said.

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PRC INTERNATIONAL AFFAIRS
SOUTHEAST ASIA & PACIFIC

E 1

XINHUA CANCELS ITEM ON POSSIBLE CGDK-SRV TALKS

OW130309 Beijing XINHUA Domestic Service in Chinese 0137 GMT 13 Feb 86

[Beijing XINHUA Domestic Service in Chinese at 0202 GMT on 13 February carries a public notice canceling the following item from the "Important International News Briefs"]

[Text] Beijing, 13 Feb (XINHUA) -- According to a 13 February broadcast of the Democratic Kampuchean radio, the Coalition Government of Democratic Kampuchea [CGDK] on 8 February issued a statement saying that, in the spirit of relevant resolutions of the UN General Assembly and the declaration of the international conference on the Cambodian issue, the CGDK is prepared and willing to hold direct or indirect talks with Vietnam at any time in order to settle completely the Cambodian issue.

The statement pointed out that the talks should adhere to the principles of withdrawal of foreign troops from Cambodia, supervision by the United Nations, national concord, and holding elections under the supervision of the United Nations, so that the Cambodian people can decide their own destiny. The CGDK also held that the withdrawal of Vietnamese troops from Cambodia is the key to the settlement of the Cambodian issue.

VIETNAMESE BOOBY TRAPS KILL, WOUND 92 THAI

OW121806 Beijing XINHUA in English 1443 GMT 12 Feb 86

[Text] Bangkok, February 12 (XINHUA) -- Vietnamese-planted booby traps (wooden land mines) along the Thai-Kampuchean border have killed or wounded 92 Thai soldiers and civilians since last October, THE NATIONAL REVIEW reported today. Of the 92 victims, a spokesman of the operation center of the Thai Army announced, 53 are officers, 11 of them killed and 42 seriously wounded.

Since the current dry season which began last October, the Vietnamese have planted thousands of booby traps on either side of the 806-kilometer long Thai-Kampuchean border. Many booby traps were planted hundred meters deep inside Thai soil, posing a serious threat to Thai military personnel and civilians in border areas. It was reported that the Soviet Union has provided 100,000 booby traps for the Vietnamese troops in Kampuchea.

BEIJING TAGALOG: REAGAN STATEMENT ON ELECTIONS

HK130301 Beijing International Service in Tagalog 1130 GMT 12 Feb 86

[Text] In Washington, the U.S. Government has called on the two opponents in the recent Philippine presidential election to work together and set up a viable government that would institute political, economic, and military reforms. Prior to this, President Ronald Reagan told reporters that his government is encouraging the Marcos and Aquino camps to join hands in order to create a stable government once the election returns are completed. A senior U.S. official said that the United States has a strong and stable Filipino ally in the Pacific but he did not comment on the election results.

Aquino Displeased

OW121335 Beijing XINHUA in English 1245 GMT 12 Feb 86

[Text] Manila, February 12 (XINHUA) -- Philippine opposition presidential candidate Corazon Aquino this afternoon asked U.S. President Reagan "to make additional enquiries" before making further comments on this country's February 7 snap elections. She made th's remark at a press conference in response to President Reagan's national press conference yesterday in the U.S.

Reagan said in his statement that the Philippine election showed there is a "strong two-party system." He called on both sides to abide by the outcome and work together for reforms. He also declared he found disturbing reports of fraud in the elections and was sending veteran diplomatic trouble-shooter Philip Habib to the Philippines.

Corazon [Aquin] showed her discontent about what she called "a position of neutrality" taken by Reagan. She said that she had actually scored at least 25 percent majority of votes in the poll. She said she was alarmed by Reagan's suggestion that there may have been fraud on both sides while Reagan's own observers said they had only seen it on one side. As to Reagan's decision of sending Philip Habib to the Philippines to help reconcile the opposing sides, Corazon said the Filipinos welcomed Habib's visit. However, she added, that Habib's last task for Reagan was trying to negotiate an end to Lebanon's civil war. She hoped neither Reagan nor Marcos is expecting to see the Philippine go the same way.

Envoy Criticizes Western Media

OW121822 Beijing XINHUA in English 1607 GMT 12 Feb 86

[Text] Dhaka, February 12 (XINHUA) -- The Philippine Ambassador in Bangladesh Reynaldo O. Arcilla today criticized Western media for spreading alarming reports of "civil strife or civil war" in Manila. The ambassador at a press conference here this afternoon said that there is "absolutely no basis" for such reports.

Western media reports which appeared in local press said that tanks and troops were deployed around the presidential palace and the parliament building in Manila, indicating the possibility of the outbreak of violence. The ambassador denied the press reports. He said if the foreign mediemen had any evidence on the deployment, they could come out with photographs as they were allowed to cover the polls there freely. The ambassador also criticized the Western media for giving "fabricated" stories when President Marcos wanted to restore the country's relations with the United States "on clear terms". He said the Marcos administration earlier allowed the United States to keep its military bases in the Philippines till 1991.

MORE DRUGS SEIZED IN HONG KONG IN 1985

OW121814 Beijing XINHUA in English 1449 GMT 12 Feb 86

[Text] Hong Kong, February 12 (XINHUA) -- Hong Kong's customs and excise department seized 315 kilograms of drugs in 1985, six percent more than in 1984, assistant commissioner of customs (investigations) K.S. Tong said here today. The seized drugs, with a street value of 43 million Hong Kong dollars (about 5.5 million U.S. dollars), comprised 90 kilograms of heroin base, 48 kilograms of heroin, 33 kilograms of opium and 144 kilograms of cannabis and cannabis resin, Tong said. He described 1985 as a "year of steady yields" in the battle against illicit drugs. Total drug seizures for the year by the customs service and the police amounted to 621 kilograms, Tong said.

The favorite method of smuggling drugs into Hong Kong, he said, continued to be the sea route because of Hong Kong's easy accessibility by sea. One extensively used tactic involves smugglers' trawlers which drop their cargo of drugs close to Hong Kong waters. The drugs are then picked up by local fishing vessels.

Tong also warned that drug traffickers, relying on supplies from the "golden triangle," a mountainous region where the borders of Thailand, Laos and Burma meet, are turning to more elaborate smuggling routes in a bid to evade detection. Instead of shipping the drugs directly from the producing areas, Tong said, traffickers are switching to longer, more circuitous routes and transshipping their illicit cargoes through non-producing countries.

HONG KONG TRADE COUNCIL TO OPEN BEIJING OFFICE

HK100249 Beijing XINHUA Hong Kong Service in Chinese 0930 GMT 4 Feb 86

[Text] Hong Kong, 4 Feb (XINHUA) -- The first mainland office of the Hong Kong Trade Development Council is to begin operating in the last 10 days of this month. In an interview with a XINHUA reporter, Huang Wei-hao, the designated chief representative of the Beijing office, said that Hong Kong and the mainland are as close as lips and teeth and expressed his hope that the office would play the role of a bridge and further promote the development of bilateral trade and economic cooperation.

Since the Trade Development Council set up its "China Department" in 1980, Huang Wei-hao has been the manager. He heartily told the reporter that over the years he had spent a lot of time on the mainland on business, and had made a lot of friends there. He hoped that in his future work, closer cooperative ties would be established.

Chen Yu-yeh, former director of the council's marketing department, will serve as the deputy representative of the office. Personnel from the Beijing locality have been invited to apply for positions on condition that they have experience in international trade and a certain mastery of the English language.

Huang Wei-hao pointed out: the specific tasks of the office are as follows:

1. Making arrangements for the Trade Development Council to launch trade development activities on the mainland, handling consultancy matters relating to bilateral trade, and introducing Hong Kong manufactured goods to the mainland. A Hong Kong machinery equipment exhibition and a large sized Hong Kong-made products exhibition will be held in Guangzhou and Beijing this year.
2. Strengthening market survey work and conducting more investigations of special subjects on a selective basis to provide Hong Kong firms and businessmen with concrete reference materials. He gave as an example the problems cropping up in the course of setting up a cooperative enterprise, from the initial application to its actual commission, and their solutions. He also cited the procedures of arbitration in China's foreign trade and the ways of investigating related cases.
3. Promoting mutual visits and relations, exchanges of experience, and close cooperation between business people in Hong Kong and on the mainland. The office will plan to organize various forms of delegations composed of Hong Kong industrialists and businessmen to visit the mainland and learn on the spot about the investment environment and trade opportunities there, and at the same time, invite persons in charge of various economic departments on the mainland to visit Hong Kong.

Huang Wei-hao also indicated that his office was ready to provide the mainland with consulting services relating to the economics and trade of Hong Kong and of other countries or regions in the world and bring into play the role of Hong Kong as "a window" for China.

Touching on the cooperative relationship between the office and organizations on the mainland, Huang Wei-hao said: The Hong Kong Trade Development Council has had a good cooperative relationship with the China Trade Promotion Association for years. The establishment of the Beijing office will further expand this already close relationship. Many trade development activities can be jointly organized. He hoped that the council's first office on the mainland would be able to lay a sound foundation in its operation at an early date, creating favorable conditions for the establishment of a second office in Shanghai at the end of this year.

BOOKLET REVIEWS NEW ZEALAND-PRC 1985 TRADE, TIES

OW121115 Beijing XINHUA in English 0857 GMT 12 Feb 86

[Text] Wellington, February 12 (XINHUA) -- The total trade between New Zealand and China in 1985 approached 230 million N.Z. dollars (112.74 million U.S. dollars) and was three to one in New Zealand's favor. This was disclosed in "A Guide to New Zealand's Foreign Relations 1985," a booklet issued by the New Zealand Foreign Ministry recently.

"China's domestic political stability and its new market-oriented economic policy make for a good climate for pursuing an already healthy relationship" between New Zealand and China, said the booklet. More than a hundred official delegations, it said, exchanged visits during 1985. The booklet also said, "The government has welcomed the agreement on the status of Hong Kong, to take effect after 1997, both for its political implications and because the prosperous New Zealand trade with that territory now seems unlikely to be jeopardized."

LIAOWANG ON U.S., ISRAELI THREATS ABAINST LIBYA

HK070929 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 2, 27 Jan 86 pp 26-27

["Special Dispatch From Cairo" by contributing correspondent Mu Guangren: "Why Does the United States Threaten Libya by Force?"]

[Text] The moment the new year began, the U.S. aircraft carrier Coral Sea cruised from Naples toward the Mediterranean, thus triggering the first round of shock waves on the sea in 1986. The U.S. warship Iowa and aircraft carrier America at a Virginia base also moved toward the Mediterranean. Their destination was Libya, and the pretext they used was that Libya masterminded the 27 December 1985 terrorist attacks on the El Al (Israeli National Airline Company) offices at Rome and Vienna.

On New Years Day, the White House and Pentagon were busily preparing military options for "punishing" Libya in accordance with Ronald Reagan's instructions. One option was an air strike by FB-111 fighter-bombers from a base in the United Kingdom. The other was a strike by B-52 bombers flying from the United States and refueling in midair. The third was to launch F-18 warplanes from the aircraft carrier Coral Sea to enter Libya's Gulf of Sidra, luring Libyan warplanes into a head-on fight in order to shoot them down and further attack Libyan Air Force bases.

Israel also took military actions. Its fighter planes flew to the Mediterranean and stayed on the aircraft carrier Coral Sea. Israeli warplanes flew above the Bab el Mandeb Strait in the Red Sea to spy on the Kamaran Island and Perim Island off South Yemen and North Yemen. Israel threatened to take military action against all Palestinian fighters in their camps in various Arab countries.

Libya was not to be outdone. Mu'ammar Qadhafi asserted that if the United States attacked Libya, "there will be no peace in the Mediterranean" and "Americans will be harassed on their own streets." On 6 January he issued a partial mobilization order to the whole nation and enlisted 40,000 reserve personnel into the Army to fight. SAM-5 missile launchers provided by the Soviet Union were being deployed in Libya under the guidance of Soviet military personnel.

The situation looks extremely critical. However, no one has ever taken the war of intimidation excessively seriously. A diplomat in Cairo said: "The louder the cries for a fight, the less the possibility of a real fight will be. Those who really intend to use their guns and cannons will not breathe a word about their intention." In fact, while making loud statements, Reagan carefully made it clear that any measure taken "should not start World War III." Of course, some people are worried that President Reagan might take unpredictable actions. In November 1985, the United States dispatched warplanes to intercept an Egyptian civilian airliner. That was beyond all expectations. As far as Israel is concerned, people have to heighten their vigilance against such actions. But Israel has a sinister record, having launched an air-raid attack on Iraq's nuclear facilities and bombed PLO Headquarters in Tunis.

Europeans ask: Is there really any need for the United States to dispatch its aircraft carriers and B-52 strategic bombers to deal with a few terrorists? This is evidently absurd logic. However, now that Washington has taken such a stance, naturally there must be a beginning and subsequent developments.

Terrorist attacks at Rome and Vienna airports were condemned by the world community, including PLO Chairman Yassir 'Arafat, who declared that the PLO had nothing to do with the attacks. Judging from the results of the trial of the terrorists who attacked the airports, the PLO really had nothing to do with the attacks.

However, some people in the United States and the Israeli authorities regarded the events as an opportunity for striking at the PLO, just as Israel bombed PLO Headquarters in Tunis by capitalizing on the yacht incident in Cyprus on 1 October 1985. The first reaction of the Israeli authorities was an indication of this point of view. Prime Minister Shim'on Peres said: No matter who carried out the attacks, "We will never let the PLO go unpunished." Although, in a speech delivered in Cairo on 1 October 1985, 'Arafat denounced terrorism, Peres, who obstinately asserted that the PLO favored the use of terrorist means, said he would be content with nothing less than the PLO's destruction.

Since October of last year, the PLO has suffered repeated setbacks and the Middle East peace process based on an agreement between Jordan and the PLO has come to deadlock. Supported by the United States, Israel has firmly refused to recognize the PLO and tried every possible means to exclude the PLO from any peace talks and to ultimately write off the organization from reality. The Rome and Vienna airport incidents gave the Israelis an excuse to once again strike at the PLO, which has suffered repeated setbacks.

They plan to start striking at the PLO in two ways: One is to undermine the relationship between the PLO and European countries, and the other is to weaken the support of Arab countries for the organization.

A PLO representative in Cairo told AL-AHRAM that someone was behind the incident who intended to undermine the good reputation of the PLO and its relationship with European countries in an attempt to convince people that the PLO is unable to bring the Palestinians' actions under control. This is precisely what Israeli Prime Minister Peres did. Peres said: "All European countries" have provided the terrorists with sanctuaries and weapons and given (the PLO) diplomatic recognition. They should be held responsible for the incident. The implication of these remarks is that European countries should cut off their support for the PLO.

Israel has used all means of threat and intimidation against Arab countries. Israeli planes not only appear and disappear unpredictably in the Mediterranean and the Red Sea, but also fly over Lebanon's Al Biqa' Valley and southern cities on the pretext of gathering intelligence about the PLO's activities. Israeli Defense Minister Yitzhaq Rabin claims that the terrorist faction headed by Abu Nidal is supported by Iraq, Syria, and Libya. He threatened that Israel would not rule out the possibility of retaliatory actions against any supporter of the Palestinians.

However, the result of U.S. and Israeli threats has turned out to be opposite their wishes. After realizing that it would not win sympathy from the world community by linking the incident with the PLO by drawing a forced analogy, and considering the influence the incident would have on the Middle East peace process, the United States asked Israel to be somewhat "restrained" and focused the target of attack on Libya. The United States maintained: The accusation against Libya-supported Abu Nidal terrorist factions will be more acceptable to the world community, and thus reprisals against Libya will meet with less resistance in Congress. If these threats produce positive results, the United States can show off both at home and abroad. We are the United States, and the United States alone can counter terrorism. However, this performance of the United States brought results that were the opposite of its wishes in the new year.

With his military threat failing to produce positive results, Reagan announced economic sanctions against Libya, appealing to the U.S. European allies to follow suit. U.S. economic ties with Libya have dwindled to insignificant proportions, but European countries still have intense economic interests in Libya. Therefore, they have indicated one after another that they will not heed the U.S. economic sanctions. Hence, the economic sanctions carried out solely by the United States have lost their effectiveness. Moreover, the world community takes exception to this U.S. move.

At present, tense relations between the United States and Libya are still developing. On 13 January, a reconnaissance plane from the aircraft carrier Coral Sea flew over Khalij Surt (the Gulf of Sidra) northeast of Tripoli, and two Libyan Soviet-made MiG-25 fighter planes approached it. Two U.S. F-18 fighters immediately took off from the aircraft carrier. Nevertheless, neither side became hostile. Some 1,000 Libyans rallied in Libya's capital to protest the U.S. policy against their country the very same day.

The Arab League and the conference of foreign ministers of Islamic countries separately adopted resolutions denouncing the U.S. military threat and opposing U.S. economic sanctions against Libya. European allies also tried to persuade the United States not to make a fuss over a trifling matter. Hence, the United States became "a loner" and "a target of public criticism." U.S. acts also helped Qadhafi win sympathy both at home and abroad. Since U.S. economic sanctions against Libya were rejected by its European allies, the problems between the United States and its allies are further broadening.

Who wins, and who loses? The development of events will leave Washington with this conclusion: The loss outweighs the gain.

ETHIOPIA DEPLORES U.S.-S. KOREAN EXERCISES

OW121331 Beijing XINHUA in English 1226 GMT 12 Feb 86

[Text] Addis Ababa, February 12 (XINHUA) -- Ethiopia strongly deplored the current U.S.-South Korean military manoeuvres and expressed its solidarity with the Democratic People's Republic of Korea against this deliberate military provocation and intimidation.

The Ethiopian Foreign Ministry said in a press statement last night that the Korean peninsula continues to be a major trouble spot where tension and the danger of war cast dark shadows, often disrupting serious efforts towards peace and stability in the area. It said that the joint military exercises which are now taking place in South Korea between U.S. and South Korean forces under the code name "Team Spirit-86" are "clear manifestations of the policy of armed provocation and confrontation." The statement said: "At a time when maximum efforts are being exerted for a successful outcome of the North-South dialogue, the decision taken by the U.S. and South Korea to go ahead with these military exercises is meant to perpetuate tension in the region and disrupt all efforts being deployed to create a favorable atmosphere with a view to attain a lasting national reconciliation and the peaceful reunification of the Korean people."

IRANIAN MAJLIS SPEAKER ON RELATIONS WITH USSR

OW091952 Beijing XINHUA in English 1918 GMT 9 Feb 86

[Text] Tehran, February 9 (XINHUA) -- Iran's parliament speaker Hashemi-Rafsanjani said here today that the Soviet Deputy Foreign Minister Georiy Korniyenko's recent visit to Iran "will exert a tremendous influence upon the relationship between the two countries." Speaking at a news conference, he said he was optimistic about improving Iranian-Soviet relations in many spheres. Rafsanjani pointed out, however, that there remain two problems in the Iranian-Soviet relations to be resolved, namely, Soviet support to Iraq and occupation of Afghanistan. Nevertheless, the speaker said: "The Iranian-Soviet relationship can not be compared with Iran's relations with the United States who is a big devil. Although the Soviet Union hurts Iran in the war, they are not like the United States. We have diplomatic relations with the Soviet Union and they are building some projects in Iran."

Asked whether any improvement of Iranian-Soviet relations would mean Iran will give up its policy of "no East and no West," he said, "Iran's policy of 'no East and no West' means rejection of domination from both East and West. We don't reject friendship of the East and West." "If the United States stops doing any evil any more, we could establish relations with them also," he added. On conditions set by Iran for ending the war with Iraq, the speaker said, "to bring Saddam to a trial, to let the Iraqi people be free and to pay for our loss in the war are our conditions for ending the war," he said.

LEBANESE AMAL MOVEMENT RELEASES COMMUNISTS

OW121333 Beijing XINHUA in English 1233 GMT 12 Feb 86

[Text] Beirut, February 12 (XINHUA) -- The Lebanese Shi 'ite Amal Movement has released 86 Lebanese communists who were kidnapped by the movement recently in southern Lebanon, according to Phalangist radio broadcast this morning. Sources of the Lebanese Communist Party said that there are more than 30 leading members of the party are still detained by the Amal Movement.

The sources close to the Amal Movement argued that the detention of the Lebanese communists was aimed "to prevent the Communist Party from helping the Palestinian guerrillas to rebuild their military superiority in southern Lebanon." The sources said the Amal Movement is also worried that Israel might launch a large-scale retaliative operation in south Lebanon. Therefore, the movement insisted that the anti-Israeli guerrilla activities should be conducted only within the so-called "security zone." Relations between the Amal Movement and the Communist Party has become tense recently. On January 7, leading member of the Communist Party Michel Wakid was kidnapped and killed after 64 days of detention. An extensive operation of searching communists was carried out by the Amal in Sayda recently.

LIBYA DETERMINES TO INTERCEPT ISRAELI PLANES

OW101400 Beijing XINHUA in English 1149 GMT 10 Feb 86

[Text] Cairo, February 10 (XINHUA) -- Libya is determined to intercept any Israeli airplane flying within the range of Libyan warplanes, force it to land and search it for terrorists in retaliation for Israel's interception of a Libyan jet last Tuesday. This is contained in a statement of Libyan Foreign Liaison Bureau (Foreign Ministry) and was published in Libyan newspaper AL-FAJR AL-JADID (NEW DAWN) on Sunday. The statement said that this decision came after the U.N. Security Council failed to perform its tasks in maintaining international peace and security due to U.S. veto against resolutions condemning Israel. Citing the interception and American provocative maneuvers off the Libyan coast as reasons, the statement said that Libya has the right to undertake all steps necessary in defending its independence, sovereignty and interests. Meanwhile, Libyan Air and Naval Forces continued maneuvers off the coast on Sunday with live ammunition. The Libyan exercises started last Saturday and were reportedly to continue for a week.

BEIJING ON TENSE SITUATION IN CENTRAL AMERICA

OW130617 Beijing Domestic Service in Mandarin 1150 GMT 12 Feb 86

["International Current Events" program commentary: "The Crux of Prolonged Turmoil in Central America"]

[Excerpts] The situation in Central America has been tense for many years. Social contradictions remain complicated and clashes among various factions in the five countries of Central America are quite sharp. Civil wars still rage in some countries. Interference and infiltration by the superpowers in Central America have become even more destructive than ever before, and there is always the possibility of foreign invasion. The situation in Central America has aroused concern and uneasiness in the international community. Central America has become one of the hot spots of the world.

What is the crux of the prolonged turmoil in Central America? There are two basic causes: One is internal social unrest in various Central American countries, and the other is outside interference. Both superpowers seek to take advantage of the contradictions and clashes in this area for their own interests. It is under these conditions that the national and democratic movements in Central American have gradually flourished, leading to various armed struggles and even civil wars.

The civil war in El Salvador has already lasted 6 years, and more than 50,000 people have died in it. The country's domestic economy has been undermined.

In Nicaragua, victories have been won in the armed struggle, the Somoza regime has been overthrown, and the government of national reconstruction has been established. However, the problems left from the old society have hindered the efforts of the new administration in promoting the national economy and stabilizing social life. In particular, Somoza remnants that have fled the country have tried to organize an anti-government armed force with the direct support of the United States. They are attempting to initiate a new civil war in Nicaragua.

The social turmoil in various Central American countries is the internal reason for the tense situation in this area. However, the intensifying outside interference is an even more important reason for the chaotic situation in Central America.

Central America is geographically important, connecting North and South America, and the Panama Canal is the only waterway connecting the Atlantic and Pacific Oceans. The strategic position of Central America is extremely important, and both superpowers are struggling fiercely to gain control of this region. The United States works hard to maintain its hegemony in Central America, while the other superpower -- the Soviet Union -- seeks to use the turmoil in the area to expand its influence.

Since the beginning of 1980, the United States has strengthened its control over Central America and tried to interfere in the affairs of its countries politically, economically, militarily, and diplomatically. U.S. policy on Central America has three main points:

1. Politically and militarily stabilize the situation in Guatemala, Honduras, and Costa Rica; support the incumbent administrations; promote democracy in these countries in order to solve domestic contradictions; prevent the escalation of civil war; make these countries follow U.S. decisions on foreign and military affairs; and thus control the situation in Central America.

2. Try to suppress the Salvadoran antigovernment guerrilla troops with emphasis on military encirclement and annihilation. The armed struggle against the government in El Salvador has been going on for years. The strength of the Salvadoran guerrilla troops is fairly strong, and the flames of civil war have engulfed the whole country. In order to prevent El Salvador from experiencing changes similar to those in Nicaragua, the United States is working hard to support El Salvador's reactionary military forces and the current administration.

3. Completely isolate Nicaragua and try to change the structure of the current Nicaraguan administration. Since the Sandinist National Liberation Front overthrew Somoza's dictatorial rule by force in Nicaragua, the political situation of the United States dominating the whole of Central America has changed. Therefore, the United States regards the current Nicaraguan Government as a thorn in its side and has tried its best to isolate Nicaragua in foreign affairs and to undermine its economy. In the past 2 years, it has hurled military threats against Nicaragua. While supporting antigovernment armed forces with Somoza remnants as the core, the United States has built military camps near the Nicaraguan border to enable these forces to intrude into Nicaraguan territory to start a new civil war. The United States also incites Nicaragua's neighboring countries to stir up border clashes, while its Army and Naval forces repeatedly conduct military exercises in nearby areas and waters. In the face of U.S. military threats, the Nicaraguan government of national reconstruction has launched counterattacks. The tense relations between the United States and Nicaragua have made the area the hottest spot in Central America.

CONCRETE CASES SEEN IMPROVING PARTY STYLE

HK090449 Beijing GUANGMING RIBAO in Chinese 30 Jan 86 p 1

[Commentator's article: "Effecting a Change for the Better in Party Style Must Start With Grasping Concrete Cases"]

[Text] There are many things to do in order to improve party style and the social mood. But what should we start with? The practice of some areas in grasping major and serious cases proves that it is necessary to start grasping concrete cases. The masses of people usually judge party style and social mood by direct and concrete things. They bear deep resentment against some cases of unhealthy trends, which violate party discipline and national law and corrupt social values. Only when concrete cases which the masses can see and feel are firmly grasped and the persons involved in these cases are seriously dealt with can the masses have full confidence in the improvement of party style and social mood.

Why have there been no notable results in improving party style and social mood and in checking unhealthy trends since the CPC Central Committee has repeatedly emphasized it and policies have been made very clear? An important reason is that some leading organs and leading cadres have been seriously affected by bureaucratism and have made no great effort to grasp cases of unhealthy trends and violations of the law and discipline. They have said more but done less. Some of them, out of their selfish ideas and personal considerations, dare not grasp the work firmly. As a result, those involved in unhealthy trends and who have violated discipline and the law feel they have strong backing and have nothing to fear, and the unhealthy trends continue to spread rather than being checked. When some concrete cases are firmly grasped and conscientiously handled, the law-violators and criminals will be punished, the unhealthy trends will be checked, healthy trends will be encouraged, and those involved in unhealthy trends will be taught a lesson. Moreover, the broad masses of cadres will also be educated. Greater effects will be achieved if we pay more attention to grasping and handling those typical cases of violations of discipline and the law, which have greater influence and harm. This will show that our party is determined to overcome all obstacles to achieve a fundamental turn for the better in party style and in social mood.

The key to investigating and handling concrete cases, especially major and serious cases, is to stress party spirit, the law, and discipline rather than stressing personal feelings. We must dare to expose mistakes without sparing anyone's sensibilities and dare to surmount all obstacles so that the cases may be handled impartially. No matter who is involved or which organization is involved, it is necessary to handle the cases seriously and resolutely in accordance with the principle of "all are equal before the law" and based on facts. We must never hesitate, or be irresolute or softhearted, and must handle each case as soon as a thorough investigation is made.

At present, the line, policies, and principles of the CPC Central Committee are correct. As a result of implementing the policy of reform and opening up, we have made satisfactory achievements in our economic construction. The situation is gratifying. However, if party style and social mood are not fundamentally improved, the policies of reform, opening up, and economic construction may be affected. Therefore, we must never treat problems concerning party style and social mood lightly. If we start by grasping concrete cases, inflict severe punishments on those who undermine our construction, and forcefully check unhealthy trends, we will surely be able to improve our party style and social mood in the near future so that they can be as good as those in the 1950's, their best period, and ensure the smooth progress of our reform, opening up, and modernization drives.

TOWNSHIP SUPPORTS AGRICULTURE WITH INDUSTRY FUNDS

HK101542 Beijing RENMIN RIBAO in Chinese 4 Feb 86 p 1

[Report by Su Yinhu and Liu Jianming: "Beijing Beiqijia Township Vigorously Grasps Industry and Subsidizes Agriculture With Industrial Funds"]

[Text] Beiqijia Township of Changping County in Beijing Municipality has vigorously grasped industry and subsidized agriculture with industrial funds. While developing industry and a diversified economy, it has also increased grain output in a sustained and stable way.

This township is located on a plain which mainly produces grain. In 1980, the per capita income of the township was 196 yuan. The township was known for its poverty. In that year, the higher authorities reorganized the leading body of the township. The new leading body paid attention to developing industry and sideline occupations and realized that "it is impossible to get rich without developing industry." Thanks to efforts exerted over the past 4 years, the production output value of enterprises run by township and production brigades increased from 3.9 million yuan to 20 million yuan. The profits turned over to the state by the collectives increased from 80,000 yuan to 800,000 yuan.

The rapid development of industry and the diversified economy has accumulated abundant funds for agricultural production. Over the past 5 years, the township has made an accumulated investment estimated at 1 million yuan to purchase agricultural machinery. Mechanization has been basically realized in the production process ranging from planting to harvesting. In the meantime, some water conservancy facilities were repaired and some new projects have been completed. The affected irrigated area has been expanded from 10,000 mu to 16,500 mu. The township has also allocated 350,000 yuan to directly subsidize agriculture. At present, more than 3,000 mu of grain fields have been contracted to 531 able-bodied workers throughout the township so that more than 2,000 farm workers, who were originally engaged in grain production, can turn to industry and the diversified economy.

Total grain output of the township has annually increased by 360 tons on average. Total grain output last year was 7,500 tons, and 3,000 tons were used as commodity grain.

To meet the demands of specialized agricultural production, this township has also gradually established a comparatively effective service system to serve agricultural production satisfactorily.

With the development of a specialized division of labor and the socialization of service trades, great changes have taken place in the structure of the labor force in this township. Compared with 1980, in 1985 farm workers engaging in grain production dropped to 531 from the previous 2,600; those engaged in industrial production have increased from the previous 900 to 2,300; and those engaged in forestry, fruit production, fish farming, and other trades increased from 230 to 920. The development of socialized and specialized production has greatly enhanced labor productivity. In the past, each farm worker engaged in grain production could only supply 0.5 tons of commodity grain a year. At present, each worker can supply 5.5 tons of grain. The output value of each working day has also increased from the previous 2.5 yuan to 12.5 yuan. The average per capita annual output value created by workers engaging in industry and the diversified economy has also increased from 4,000 yuan to 9,000 yuan.

Commentator's Article

HK101545 Beijing RENMIN RIBAO in Chinese 4 Feb 86 p 1

[Commentator's article: "Dialectics of Industry and Agriculture Mutually Helping Each Other Advance"]

[Text] In the short period of several years, Beiqijia township in the suburbs of Beijing has succeeded in changing from unitary agricultural production with an emphasis on grain production to laying equal stress on the rapid development of industry and agriculture. Grain production and the diversified economy have developed in a steady way. The most important reason for this success is that cadres of the township are ideologically clear about their objectives and can handle the relationship between industry and agriculture in a better way. While taking agriculture as a base, they vigorously grasp the work of accumulating industrial funds. In addition, they make use of funds accumulated in industry to support agriculture in changing production conditions, improving basic facilities, and providing a complete set of services to effectively promote the specialization and intensive management of agriculture, grain production in particular. In so doing, they manage the land on a proper scale and enhance the yield of the land and labor productivity. Steady development of agriculture has in turn provided better conditions for the development of industry and the diversified economy.

The practice of Beiqijia Township has vividly demonstrated the dialectics of mutual help between industry and agriculture.

Within the rural economy, there are contradictions between agriculture, industry, and sideline occupations. If we fail to handle the situation well, two kinds of inconsistencies will occur: 1) Traditional unitary setups cannot be changed and the agricultural economy will stagnate; 2) industry and sideline occupations will squeeze out agriculture, and the agricultural economy will be dislocated. A drop in agricultural production might even occur. However, if we handle the relationship between industry and agriculture well, they will help each other advance. Before the convening of the 3d Plenary Session of the 11th CPC Central Committee, most areas throughout the country were affected by the first inconsistency. They concentrated their efforts on producing only grain. The more they did so, the poorer they became. The poorer they became, the more restrictions were placed on the development of the diversified economy. Because less investment was made in agriculture, a vicious circle began. Practice showed long ago that if we follow the past practice of purely relying on administrative means and consider agriculture and grain as they stand, the labor productivity of our agriculture will be very low and our agriculture will lack vigor. Under such circumstances, it is difficult to develop agriculture in a steady way. However, in the last 2 or 3 years, some localities have gone to the other extreme. In these localities, the tendency of industry to squeeze out agriculture occurs. This is a matter which merits the attention of various quarters.

The new situation in the rural area has put new demands on leaders at various levels: They should conscientiously study economic knowledge, master the skill of grasping the situation as a whole, treat and handle relations between industry and agriculture in a dialectical way, and follow the path of promoting mutual help between industry and agriculture. Due to the fact that conditions in various localities might differ, they might not follow the same path. They should suit measures to local conditions, give play to their own merits, and take agriculture as their base to develop mining, the building industry, and a diversified economy which supports agriculture.

However, they share one thing in common: the strengthening of the agricultural foundation should have a solid material investment. Only by putting more into production can we have sufficient staying power for development. In places where industrial production and the diversified economy are active, steady agricultural development in those places will have a powerful backing. We can also discern from this the vital significance of readjusting production set ups in the rural area, actively developing the diversified economy, and developing nonagricultural production. This is needed not only for the all-round development of the agricultural economy, but also for the steady development of agriculture, including the development of grain-planting undertakings.

RENMIN RIBAO COMMENTS ON SCIENCE RESEARCH FUNDING

HK101250 Beijing RENMIN RIBAO in Chinese 5 Feb 86 p 3

[Commentator's article: "A Crucial Move To Promote Integration of Science, Technology, and the Economy"]

[Text] The promulgation of the "provisional regulations concerning supervision over scientific and technological appropriations" by the State Council is one of the policy measures to reform the structure of scientific and technological departments of our country and is a crucial move in promoting further integration of science, technology, and the economy. The implementation of these regulations will certainly speed the progress of the structural reform of scientific and technological departments.

The former structure of scientific and technological departments of our country is not favorable to the integration of science, technology, and the economy. Nor is it favorable to in-depth scientific research. This can be clearly seen in the management of scientific and technological funds and in the personnel management system. In the past, nearly all scientific and technological funds depended on financial allocations. Funds were used freely and achievements were transferred at will. This resulted in research departments eating out of the "big pot" of the state and scientific and technological personnel eating out of the "big pots" of their respective departments. Scientific and technological work lacked the motivation to serve economic construction. Without exception, they received funds allocated by leading departments and were assigned tasks. They seldom gave a thought to whether they could obtain good results in their work or whether the results obtained could be turned into productive forces.

Since scientific research departments depended on appropriations from leading departments and lacked the motivation to arm themselves or to make progress, research work could only remain at the same level. At present, funds can be obtained in many different ways and from various channels based on different characteristics and categories of scientific and technological work. For work on technology exploitation and applied study expected to be of practical value within a short time, funds can be obtained from contracts signed with departments at the same level or an upper level. For basic research and applied study work which cannot be of practical value in the near future, research departments depend mainly on applications for science funds. For research on public welfare, scientific and technological services, and basic technological work, funds will be allocated by the state on a contract basis. In this way, much research on technology exploitation and much applied study, expected to be of practical value within a short time, can be geared to the needs of the economy, society, and market in the whole process from setting tasks to achieving results. Practice in the past few years has shown that this is an effective measure and is conducive to promoting the integration of science, technology, and the economy.

Some people think that in this case the state will reduce scientific and technological funds. This is a misunderstanding. In the decision on reforming the structure of scientific and technological departments, the central authorities explicitly pointed out that for some time in the future, scientific and technological appropriations from local and central governments should be gradually increased. Even funds cut from operational expenses will be used for the development of science and technology in an appropriate manner. In the "provisional regulations," the State Council has reiterated these principles. Moreover, scientific and technological operational expenses will only be gradually reduced. Speed in such reduction should not be stressed without paying attention to actual conditions. Drastic and speedy reduction of operational expenses will be harmful to the steady progress of the structural reform scientific and technological departments.

Some comrades worry that changes in management methods of scientific and technological funds may cause scientific and technological personnel to pay attention only to minor projects and neglect major and long-term ones. This worry is not without basis. The "provisional regulations" issued by the State Council have already taken into consideration in-depth scientific research in order to ensure staying power for the integration of science, technology, and the economy. Funds for major scientific and technological projects, key laboratories, and intermediate test bases will still be included in state and local plans. Of course, the method of state appropriations according to departments, trades, and professions can no longer be used even for major scientific and technological projects, but should be replaced by the invitation and contract system. In this way, barriers between different departments and between departments at different levels can be removed, competition can be launched, and research under better conditions will receive greater support so that limited funds can be fully utilized.

FORESIGHT IN FLOOD PREVENTION RECOMMENDED

HK110741 Beijing RENMIN RIBAO in Chinese 3 Feb 86 p 2

[Commentator's article: "A Lesson From the Flooding of the Liao He"]

[Text] When the Liao He flooded last year, more than 1.7 million army men and civilians in Liaoning Province fought without rest for tens of days and nights, protecting the main dikes as well as the cities, oil fields, and major factories and mines. At a time when we confirm the tremendous achievements in antiflood and rescue work, we should pay close attention to the lesson learned from the flooding of the Liao He and carry out flood prevention in a better way.

The Liao He, one of seven big rivers in our country, is less capable of handling flood waters. Before the flood season in 1983, the State Council approved and transmitted the "report on doing a good job of flood control along the seven big rivers" submitted by the Ministry of Water Resources and Electric Power. The report explicitly pointed out that the immediate task for flood control along the Liao He was to step up river administration, dredge the river, completely remove the bends and dikes seriously hindering water flow along the main streams, and promptly resume measures to control floods along the Liao He. Unfortunately, the departments concerned did not pay sufficient attention to these problems. The flow during the highest flood peak of the Liao He last year was only two-fifths of the annual flow. Why did it become a disaster? The major causes included poor river administration, man-made obstacles, and failure to implement flood control measures. This lesson should provoke deep thought.

What lesson has the flooding of the Liao He taught us? First, close attention should be paid to harnessing the river. Any slackening of effort and delay in work may cause disaster. Second, in carrying out flood control, emphasis should be on prevention.

Only by taking precautions can we avoid danger. Third, rivers need to be harnessed. River administration is also needed. Abandoning or slackening river administration and separating river harnessing from river administration not only prevents the state investment in flood control from yielding profits due but also may cause irretrievable losses. Fourth, exploitation and utilization of rivers should not be carried out indiscriminately. River courses and banks form natural passages for draining flood water. Comprehensive utilization of rivers is permissible provided the draining of flood water is not hindered. Indiscriminate reclamation of land from rivers will block the outlet of flood water and result in disaster sooner or later. Fifth, all areas, departments, units, and individuals must consciously take the whole situation into account when carrying out flood control. Any deed of confining one's scope of vision to immediate and partial interests, damaging flood control projects and weakening their antiflood capacity is impermissible. The lesson has reminded people that in order to prevent floods and ensure safety, they must improve the policy, clearly specify the duties, tighten the laws, and carry out river administration according to law.

Our country's big rivers have not yet been permanently harnessed and have yet to increase their capabilities to fight floods. In some parts of the rivers, there are increasingly more man-made obstacles, seriously weakening the capability of rivers to drain flood waters. These obstacles must be removed, lest they inevitably harm the interests of the whole. A saying goes: "The overturned cart ahead is a warning to the cart behind." The lesson learned from on the flooding of the Liao He serves as a warning to all localities. Flood control and removal of obstacles concern the lives and property of millions of people as well as the overall interest of the four modernizations. We must tightly grasp this matter of prime importance.

LITERATURE, ART DEVELOPMENT ENCOURAGED

HK100409 Beijing GUANGMING RIBAO in Chinese 23 Jan 86 p 3

[Article by Hua Jai: "Correctly Deal With External Influences -- from a speech made at a forum sponsored by the GUANGMING RIBAO literature and art department"]

[Text] As our economy develops, so too does our culture. Our old, middle-aged, and young writers and artists have been working very hard since the 3d Plenary Session of the 11th CPC Central Committee. They have produced many influential works. New writers, new artists, and new works have continued to emerge. It is a thriving and encouraging scene. Moreover, there are exciting new developments. Many mass amateur literature and art organizations have emerged in recent years, such as literature societies, poetry societies, calligraphy and painting societies, music societies, and research societies of various descriptions, and literature and art organizations devoted to creation and research by well-known old, middle-aged, and young writers and artists. For example, the Guangzhou poetry society is an organization which includes leading cadres at provincial and city levels, poets, and painters. On invitation, it visited Singapore for a cultural exchange. The Xiangxue [Fragrant Snow] Calligraphy and Painting Society and Guangzhou Watercolor Painting Society founded in suburban Guangzhou have on several occasions been to Hong Kong, Macao, and Southeast Asia to hold exhibitions. They were warmly welcomed. There are also the Photography Society of the Aged, the Children's Puppet Service Center, and the Cantonese Opera Research Center. These literature and art organizations have in recent years produced many talented people and excellent works. Pianos and cameras are now available to many worker and peasant families. Many amateur singers, musicians, and amateur photographers have emerged in our districts, township, and neighborhoods. Many young mothers in particular accompany their young children to family tutors to learn skills in violin and piano playing, or to learn painting. This is now a common scene. With such a growth in literature and art activities in such colorful variations, we can imagine what a vigorous development of literature and art there will be in the next century.

As we are implementing reform policies and opening up, and people come and go, there are inevitable cross-cultural influences. External cultures are affecting us, and our culture is affecting them. This is unavoidable and normal. With its geographical location, Guangzhou is China's southern gate, so it is the first to be affected. External influences come more quickly, more directly, and with more impact than in the hinterland. This is a fact.

A few years back, with the spread of radio cassette-recorders, Hong Kong's "pop songs" became fashionable in Guangzhou. Nobody had made a particular effort to import them. Since the windows were open, the "southern wind" was bound to come in. As we are not going to shut the windows, we have to learn how to properly deal with such external influences. At the time, the provincial committee put it well: "Repel pollution, but not everything foreign." Thus, the principle of adroit, guiding action according to circumstances, strengthening control, and developing self-creation was adopted. Consequently, the problem has been basically solved. A number of our own pop songs have become popular; at the same time, a number of popular young singers and lyrics writers have emerged. In fact, we have even affected Hong Kong's "pop songs," but this is not the result of special efforts by our people. Hong Kong singers are now also singing our northern Shaanxi folk songs and some Cantonese opera in their nightly performances. This amounts to some kind of change in terms of mutually influencing each other.

With the development of our economy, cultural development is on the agenda. This is an objective demand. Economic development includes the development of science and technology. Imports of the new science and technologies of the 1980's have not only produced a new generation of products, but a new generation of young technical workers. When we import the results of a new generation of advanced science and technology, we have a process of digestion and absorption, a process of transforming and creating the new in linking our characteristics and experiences. In this way, we can create more advanced results in our science and technology. Of course, such a process should be accomplished by relying on people. It is the same with cultural development. But only by making foreign things serve China, weeding through the old to bring forth the new, and letting a hundred flowers bloom, a hundred schools of thought contend, will it be possible to produce more and better literature and art works to serve the people and socialism, thus better meeting the needs of our cultural life in the vast urban and rural areas.

LEGAL SPOKESMAN EXAMINES ECONOMIC CRIMES

HK080241 Beijing RENMIN RIBAO in Chinese 1 Feb 86 p 4

[Report by correspondent Xiong Yongnian: "An Interview With the Spokesman of the Supreme People's Court on a Further Crackdown on Economic Crimes"]

[Excerpts] On 31 January the spokesman of the Supreme People's Court answered questions raised by this reporter, questions about which the masses of people are much concerned.

Question: How should we appraise the situation in the present struggle against serious economic criminal activities?

Answer: Over the last few years, proceeding from the overall situation regarding the socialist four modernizations program, the central authorities have adopted a series of important instructions and policy decisions on cracking down on economic criminals in grave cases. Moreover, the instructions and policy decisions have been made more concrete and definite. Party committees and governments at all levels are deepening their understanding of the necessity and urgency to crack down on economic crimes. They have gradually strengthened leadership over the struggle against serious economic criminal activities.

In the past year in particular, after the central authorities proposed that new unhealthy practices be corrected, party committees and governments at various levels paid more attention to and strengthened their work of cracking down on economic crimes. All economic management departments conducted mass financial, tax, and price surveys and checked on and consolidated the work of companies, thus further advancing the struggle against economic crimes.

Great progress has been made in the present crackdown on serious economic crimes, but it must also be noted that economic criminal activities are still rampant. The growing arrogance of economic criminals, whose cases are serious, has not been totally deflated. The phenomena where cases of serious economic crime have not been not effectively resolved is continuing. Cracking down on economic crimes is a long-term, arduous task. On no account must we take it lightly.

Question: What obstructions and resistance have procuratorial organs encountered in handling economic criminal cases?

Answer: The present economic crimes are characterized by collusion between those inside and outside the unit or the country and between higher and lower levels. Our units and cadres are looking into many economic criminal cases. Sometimes, tens of units and cadres at and above the county level are involved. Working in the interests of small groups, some government offices and state-owned or collective enterprises and institutions have forsaken integrity, tempted by personal gain. They have engaged in economic criminal activities in a big way, collaborating with criminals in our society, each using the other for his own ends. Therefore, while handling economic criminal cases we are often confronted with a sophisticated network of relationships, strong protection, and numerous obstructions and resistance from the higher authorities.

Some people run around everywhere pleading for the offenders; some support offenders in applying for an audience with higher authorities to lodge complaints and voice grievances for them; some erect obstructions and barriers in various ways to prevent cases from being investigated and handled; some take offenders under their wings using all kinds of pretexts; others shield offenders by abusing their power or by substituting the law with personal intervention; still others even hamper investigations of their own cases. Frequently, when investigating and handling economic criminal cases, it is more difficult to overcome the numerous obstructions and break through the network of relationships and protection from the higher authorities than to investigate and handle the cases themselves.

Analyzing the obstructions and resistance we encountered in investigating and handling economic criminal cases, we found the following: 1) Some leading cadres still have trouble understanding the dialectical relationship between the crackdown on economic crimes and reform, opening up to the outside world, and invigorating the domestic economy. They are worried that cracking down on economic crimes will hinder implementation of the policy of opening up to the outside world, invigorating the domestic economy, and developing economic construction. 2) Some leading cadres weigh the crackdown on economic crimes against that of regular criminal offenses, arguing that the crackdown on economic crimes will affect our efforts to concentrate on taking strong measures against regular criminal offenses. 3) Some leading cadres have little sense of the legal system and have not acted strictly according to the law. 4) Some people are indulgent and lenient toward economic criminal cases involving cadres, leading cadres in particular, because they are their former superiors or subordinates, colleagues or relatives, with a view to shielding them. 5) Some state cadres involved in malpractices or bribed by offenders have provided them with conveniences by abusing their power. Some even colluded with them in their evil deeds. This shows that to remove obstructions and resistance, it is necessary to be upright and outspoken, to enforce the law impartially, to have the courage to handle and be good at handling tough problems, and to do a good job of conducting investigation and study.

It is also necessary to keep party committees informed of recent developments so as to win their guidance and support, to strengthen education among involved cadres, and to hold responsible those who gave unprincipled protection to or plead for offenders in accordance with the resolutions of the CPC Central Committee and the State Council. Only in this way can the so-called network of relationships and protection shield be smashed and obstructions and resistance removed.

Question: How can the struggle against economic criminal activities be carried out thoroughly? What key problems should be firmly solved?

Answer: Criminal activities in the economic sphere are a problem of a social character. It will not do to rely exclusively on procuratorial organs and judicial departments in solving the problem. To solve it successfully, the whole party and society should be serious and take action.

China's political and economic situation is presently very good. After the National Conference of Party Delegates, the CPC Central Committee stressed simultaneously grasping "the building of two civilizations." Recently the central authorities have decided that in bringing about a fundamental turn for the better in party work style and the standard of social conduct, the central party, government, and Army organizations should set examples for the entire nation. All this has created favorable conditions for carrying out a thorough crackdown on serious economic criminal activities. We believe that as long as we seize this favorable opportunity and the whole party and society take vigorous actions to thoroughly implement the struggle against serious economic criminal activities, persistently implement the principle of punishing criminals strictly and severely according to law, effectively put an end to the phenomena where economic criminals are not effectively dealt with, and strive to further the positive momentum which has already emerged, we will surely win a great victory in the struggle against serious economic crimes.

GUANGMING RIBAO DISCUSSES REFORM, OPENING UP

HK090709 Beijing GUANGMING RIBAO in Chinese 25 Jan 86 pp 3, 4

[Article by Yuan Mu: "Several Questions of Understanding Concerning Reform and Opening Up to the Outside World"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, our party has taken up the general task for the new historical period and put forward the general topic of building socialism with Chinese characteristics. With a view to completing this general task for the new historical period and accomplishing the aim of building socialism with Chinese characteristics, our party has adopted the principle of invigorating the domestic economy and opening up to the outside world. Judged by the main current, essence, and general tendency of development, the situation is excellent, and we have scored enormous achievements. A new situation of sustained, stable, and coordinated development has arisen in our country's national economy. Increased ranges in the people's living standards, in both rural and urban areas, have been rare since the founding of the country. Over the last few years, the financial and economic strength of the country has been greatly strengthened. However, while fully affirming the excellent main current in the current economic situation in our country, we must also notice some new problems that have arisen since the fourth quarter of 1984. On the one hand, as the development situation over the last few years was very excellent, the state of blindly expanding the scale of production construction once again arose in work to a certain extent. And on the other hand, as more attention in reform was paid to the invigoration of the microeconomy than the strengthening of macroeconomic control, some new unstable factors have emerged in economic life as a result.

Notwithstanding that the contradictions have been or are being mitigated through a whole year's effort last year, the problems have not yet been completely solved and we still cannot lower our guard in the slightest degree. At present, our task is to persevere in the reform and the orientation of opening up to the outside world, and under this condition to conscientiously summarize experiences, resolve the problems in the course of advance and ensure the reform and opening up to the outside world more healthily forges ahead.

Construction Arrangements Should Be in Favor of the Economic Structural Reform

Fundamentally speaking, reform is to serve construction. The most important issue for us in accomplishing the general task for the new period and building up a modernized and highly civilized and democratic socialist country is to carry forward socialist economic construction. The reform is to eliminate various long-standing abuses fettering productive forces in the existing management structure and to more favorably promote the development of social productive forces, building socialism with Chinese characteristics and consolidating and perfecting the socialist system. Therefore, it is consistent with the objectives of construction. So, the construction arrangements must serve the reform. In carrying out the reform, we must not only have our eyes on the present but also the future. It is imperative to proceed from such a strategic viewpoint to correctly handle well the relationship between reform and construction and make them mutually adaptable and supportive in forging ahead.

With a view to ensuring the smooth progress of the reform, it is particularly necessary to provide for the reform an economic environment in which economic life will be more well-to-do and the proportional economic relations will be more coordinated and stable. Therefore, we must strengthen and improve macroeconomic control, continue to prevent an overheated economy, and resolutely control the scale of investment in fixed assets, in particular the scale of capital construction. Otherwise, reform will not proceed smoothly. At present, some localities and departments do not have a deep understanding of the decision of the central authorities and the State Council regarding strengthening macroeconomic control and are not resolutely carrying it out; and some even hold that the strengthening of macroeconomic control is only the business of the central authorities and has little to do with their own localities and departments. As the whole is composed of individual parts, if each part holds that a decision of overall importance has little to do with it and goes its own way, solving matters of overall importance will become empty talk.

The development of each locality and department does not only involve the question of its own overall balance. At present, it is particularly necessary to stress cultivating the sense of proceeding from the interests of the whole. Only when everyone fully understands the necessity of strengthening macroeconomic control, consciously brings the excessive scale of construction under control, and maintains an appropriate rate of economic development under the condition of raising economic effectiveness can we contribute to the smooth progress of reform and the healthy development of the economy and create better conditions for sustained, stable, and coordinated economic development in the coming 5, 10, or 20 years, or even longer. If economic relations in every field are strained, general social demand exceeds the general supply, national income is distributed excessively, and we do not promptly solve these problems, these contradictions will become more and more acute; we would have to make major readjustments in the end. Thereby, it will be difficult for the reform to be carried out smoothly. The excessive price hikes of some commodities last year was due primarily to the excessive scale of investment in fixed assets, drastic growth in consumption funds, runaway credit funds, excessive currency in circulation, and other factors but not the reasonable readjustment of price structure. This also fully shows that in order to smoothly push forward the price reform and every other reform, we must further strengthen and improve macroeconomic control, regulation, and administration and promote the change of current economic environment from being strained to well-off.

To Build New Modes According to the Demands of the Planned Commodity Economy

In essence, the orientation of the economic reform adhered to by us, or the target mode to be achieved, is to thoroughly break away from the influence of the previous practice of attempting to prematurely set up the mode of the planned product economy, reform the original economic structure, and set up a new, lively, and energetic mode of socialist economic structure, in light of the demands of developing a socialist commodity economy based on public ownership of the means of production in a planned way.

In this historical stage of socialism, if the commodity economy is not fully and highly developed, we just cannot realize a high degree of socialization in production and modernization in the economy and fundamentally consolidate and perfect the socialist system. The development of the commodity economy is an indispensable stage of the economic development of human society. The natural economy, the commodity economy, and the product economy to be experienced in the future stages of communism are three economic patterns which human society must experience in development. The founders of Marxism always envisaged that the socialist revolution would first win its victory in highly developed capitalist countries or countries with highly developed commodity economy. Following the realization of the ownership of the means of production by the whole society, namely public ownership, as social labor was directly reflected by individual labor, it would be possible for a unified social center to plan production and distribution for the whole society, relations between commodities and money would automatically wither away, and commodity economy would become the planned production economy.

This is a scientific prediction about future society through in-depth analyses of the development law of capitalist society. Nevertheless, the question is under what conditions or by what possibility can we realize this prediction. In the past, we did not have a deep understanding of this question. However, it seems now that without a highly developed commodity economy, we just cannot realize this vision of Marx and Engels in this historical stage of socialism. In the whole socialist stage, without highly developed social productive forces, labor productivity, and the commodity economy, great differences would still exist in the labor of each individual, labour would remain the main means for people to make a living, the old form of social division of labor would still exist, relatively independent economic interests would still correspondingly exist in each enterprise, and relations between commodities and money would not wither away. Thereby, it would be impossible for the commodity economy to change into the product economy.

As a highly developed commodity economy is the inevitable demand of the historical stage of socialism, in planning as well as every other economic work, we must consciously act according to and apply the law of value. Since the law of value is the general law of commodity economy, if we consciously apply it, we can effectively promote the development of the socialist commodity economy; and if we consciously or unconsciously go against it, we will butt our heads against a wall of hard facts and hinder the development of the socialist economy. This is an objective reality independent of man's will. To fully develop the commodity economy, we must attach great importance to and bring into full play the role of markets, as there is no commodity economy without markets. If we want to carry out commodity production and exchange while bringing the role of markets into full play, we must make state-run enterprises become economic entities possessing relatively independent economic benefits and let them be run independently and assume sole responsibility for their own profits or losses. If we do not act according to this demand, we just cannot fully develop the commodity economy. Since we have to fully develop the commodity economy, we must correctly handle the relationship between the state and the enterprise.

We should change the previous practice of the enterprises being directly run by state organizations, apply the principle of streamlining administration and instituting decentralization and separating government from enterprises' responsibility and let the state-run enterprises have relatively independent microeconomic decision-making power and business management authority. Therefore, the state can no longer adopt the whole set of the previous enterprise management structure focusing on "centralization."

In order to meet the need of developing the socialist commodity economy in a planned way on the basis of public ownership, it is necessary for us to pay particular attention to making a clear distinction between the following two fields: On the one hand, we must fully understand the historical inevitability of the socialist stage to fully develop the commodity economy and in no way attempt to prematurely set up the mode of communist product economy regardless of the reality of history; otherwise, we just cannot possibly shake off the influence of "leftism" and will be out of tune with many current reform measures. On the other hand, we must not mix up the essential distinction between the socialist commodity economy and the capitalist commodity economy. The most important is that the socialist commodity economy is a kind of planned commodity economy based on public ownership. Developing the socialist commodity economy is to meet the constantly growing material and cultural needs of the masses of people to the maximum degree. In the current reform, some factories do not proceed from realizing the fundamental aim of making the country prosperous and powerful and the people well-off and happy but persist in making profits regardless of product quality and economic effectiveness and do not strive to reduce consumption and production costs. Fundamentally speaking, this has violated the principle of developing the socialist commodity economy. Under the socialist conditions in our country, manpower is not a commodity, nor are all the state-owned enterprises and resources like land, mines, banks, railroads, and so on.

Therefore, commodity fetishism and the profit-before-everything mentality are fundamentally incompatible with the socialist system. Of course, with the development of the socialist commodity economy, on the one hand, the social productive forces would attain fuller development; and on the other hand, people's thinking would also more easily be corroded by bourgeois ideology. However, this shows all the more the necessity to remind people to draw a clear and fundamental distinction between the socialist commodity economy and the capitalist commodity economy and the necessity and importance of persisting in conducting education in socialist and communist ideals and ethics. In addition, there is also a question of how to deal correctly with the advanced business management experiences of the developed capitalist countries. As the commodity economy in our country is underdeveloped and we lack experience in managing socialized mass production, in reform we must not refuse to learn all the advanced business management experiences and scientific methods reflecting the modern production laws of all the countries in the contemporary world including the developed capitalist countries. On the contrary, we must be determined to earnestly study and draw lessons from them and use them to serve us as well as the development of the socialist commodity economy. Of course, while upholding doing this, we must not include those decadent things characteristic of the nature of capitalist system and completely use the principles of the market economy to guide the development of the socialist commodity economy departing from the mode of the planned economy.

Reform Measures Need Time To Be Effective

The reason for the party and state to persevere in carrying out reform or the starting point and aim of all the policies concerning the reform is to make the country prosperous and powerful and the people well-off and happy. Fundamentally speaking, reform will surely promote the development of the social productive forces, consolidate and perfect our socialist system and the socialist modernization construction in our country. It conforms completely with the long-term and fundamental interests of the people of the whole country and every social member.

However, in reform and especially in the reform in urban areas where various relations are more complex and complicated, will the implementation of each reform measure bring immediate and visible material interests to each social member? We just cannot view this question in this way and make such demands.

First, in economic reform and especially in urban economic reform, some reform measures need a certain period of practice time to become effective; some also need the good coordination of other relevant reforms to become effective. Take the reform of the price system and the price control system for example. Either carrying out structural readjustment of some irrational price relations or decontrolling some prices to establish floating or free-market prices can cause some commodity prices to rise for certain time and affect to a certain degree the actual interests of the people. However, the stimulative role of the rational readjustment and decontrol of prices in developing production, its promotive role in carrying out rational readjustment of production structure and invigorating economy as well as the price stability reappearing on such a basis and more actual benefits to the people would need a certain time to show up and be fully acknowledged by more people. If we only stress the "instant results" of the reform, people would tend to oversimplify the reform and make feverish demands on the results of reform. Or, due to a change from high hopes to disappointment and from disappointment to being sulky, they would even be shaped into forces reacting against the reform and resist the reform mentally. Of course, this is very unfavorable to the smooth progress of the reform. Therefore, during the reform we should not make too many early promises. In this aspect, we should also encourage doing more and speaking less.

Second, during the process of reform and the transition between the new and old structures, a certain kind of redistribution of vested interests will unavoidably exist. For example, following the smashing of the system of "everybody eating from the same big pot," those people who worked hard under this system or will work harder in the future would certainly get more actual benefits. However, those people who did not work hard in the past and are not willing to work hard in the future would obviously not and also should not continue to get the vested interests under the old system as before. Giving a clear explanation of this situation would probably be advantageous to inspiring people all to display the spirit of actively forging ahead.

The Process of Reform and Opening Up to the Outside World Is Also A Process of Constantly Checking Unhealthy Tendencies

During the process of carrying out the reform and expanding opening up to outside world, the breeding and spreading of various unhealthy tendencies create serious interference in the reform and opening up to the outside world. In order to correctly and effectively check and rectify the unhealthy tendencies, we should adopt an analytical attitude toward the so-called "source" of the unhealthy tendencies and get a correct understanding. If people just simply and sweepingly attribute the unhealthy tendencies to the reform and opening up to the outside world, this viewpoint is not analytical and proper. Moreover, it is also unfavorable to our common effort to persevere in uniting the whole party and the people of the country under the leadership of the CPC Central Committee to jointly check and rectify unhealthy tendencies.

The main sources of unhealthy tendencies are first, the influences of the exploiting classes' moribund and decadent ideologies left by the old society, and second, the influences of individualism and anarchism viciously inflated during the "Cultural Revolution." Of course, we should also notice that some leading organs or party-member leading cadres also help upgrade unhealthy tendencies or directly violate party and government discipline and the law. Some unhealthy tendencies were actually stirred up by some departments, units, and individuals in the name of reform. Meanwhile, as we do not have much experience in economic structural reform, it is unavoidable that during the process of reform some shortcomings and errors might crop up and that the reform measures could not become perfect overnight.

Therefore, some unhealthy tendencies have exploited loopholes in some of the reform measures. However, we just cannot attribute unhealthy tendencies generally to reform simply because of these. Otherwise, we would easily and simply come to the conclusion that only by bringing the reform to a close can we check and rectify unhealthy tendencies. Of course, this is obviously inappropriate. Reform conforms with the immediate and long-term interests of the Chinese people and the fundamental way out for China. Checking and rectifying the unhealthy tendencies is to better ensure the smooth progress of the reform. Long ago, the central authorities explicitly pointed out in the "decision of the CPC Central Committee of the economic structure" that "the more we enliven the economy and invigorate enterprises, the more we must pay attention to combating the corrosive influences of capitalist ideas, eliminating the decadent practice of seeking personal gain by abusing one's position and authority, and preventing any action that seriously harms the interests of the state and the consumers, and the more we should strengthen the building of a fine party style and sense of discipline." Thus, we can see that at the time when the overall reform focusing on the urban areas was about to be gradually unfolded in the whole country, the central authorities sounded an alarm for the whole party that the growth of unhealthy tendencies goes against the fundamental demand of the central authorities. There is also another viewpoint that the growth of unhealthy tendencies is a result of the adoption of the policy of opening up to the outside world. The central authorities pointed out long ago that the adoption of the policy of opening up to the outside world would bring us many favorable factors which would greatly promote our country's four modernizations construction but also some unfavorable negative factors referring mainly to the impact of the decadent and moribund capitalist ideology and lifestyle in the west. It is entirely necessary and correct to point out that the latter would become a factor in breeding unhealthy tendencies, so as to put the people on guard. However, it is not correct to completely attribute the growth of unhealthy tendencies to the adoption of the policy of opening up to the outside world. The policy of opening up to the outside world is a longstanding fundamental state policy of our country as well as a strategic measure for speeding up the four modernizations drive. With the further expansion of opening up to the outside world, Western countries' advanced experiences in science and technology and business management will be introduced along with their decadent and moribund ideology. However, we should not give up eating for fear of choking. We should uphold the "two-point" policy repeatedly stressed by the central authorities, namely, to persist in opening up to the outside world; and second, under this condition to resolutely resist the corrosive influence of the moribund and decadent ideology and lifestyle of capitalism.

In a certain sense, we can also hold that the reform and opening up to the outside world itself is a process of constantly doing away with the old and setting up the new, solving problems, correcting mistakes, and forging ahead. Bringing order out of chaos since the 3d Plenary Session of the 11th CPC Central Committee has corrected the mistakes of the "Cultural Revolution;" and the implementation of the principle of "re-adjusting, restructuring, consolidating, and improving the national economy" has put an end to the serious imbalance in major proportional relations in the national economy shaped over a long period of time. During the process of reform and opening up to the outside world, new problems will unavoidably crop up constantly and some errors may also occur. Nevertheless, the process of solving problems and correcting errors is the process of unceasing progress and gradual development for reform and opening up to the world. The exposure and gradual elimination of unhealthy tendencies will surely make our party more brilliant and also make the restructuring of our domestic economy and opening up to the outside world even better.

Doing Away With the Old and Setting Up the New Should Be Linked in Reform

Since the reform is necessary, we should, of course, do away with the old things which are incompatible with the times and emphasize and bring into play the spirit of actively blazing new trails and forging ahead.

Otherwise, reform cannot be carried out. However, we cannot and should not repeat the previous wrong practice of "smashing it first." We should strive to dialectically link the relations between doing away with the old and setting up the new. While doing away with the old rules and regulations fettering the development of productive forces, we should adopt new methods and measures and work out and perfect new rules and regulations as quickly as possible, so as to rapidly put economic life onto the new right track. We should try to avoid the situation that after the old has been smashed, the new cannot be set up, thus not creating opportunities for people engaging in unhealthy tendencies and lawbreakers to take advantage of. Therefore, we are required to carefully think things over and avoid either acting hastily or only doing away with the old but not setting up the new.

Judging by the experiences gained in the reform practice not long ago, we should pay special attention to the following points: first, the scope, degree, and plan of the state's reduction of direct control over the activities of enterprises or microeconomy should be in conformity with the state's capabilities for strengthening indirect control over macroeconomy. If on the one hand, direct control is reduced and the policy of invigorating the domestic economy and opening up to the outside world is adopted, but, on the other hand, indirect control cannot keep pace with it, relevant methods and systems are not worked out, and means of economic regulation are not well employed, the phenomenon of the macroeconomy being out of control would easily occur. Second, it is necessary to correctly understand and employ administrative means. In the previous economic structure, we excessively employed administrative means to directly interfere with the productive operations of enterprises. Thus, the development of productive forces was hindered, due to too many and too rigid controls. This kind of abuse must be rooted up. Therefore, gradually reducing the employment of administrative means but adopting more economic means to administer the economy is the orientation of our reform. This must be understood. However, we must also notice that the necessary adoption of administrative means in the management of the socialist economy is indispensable at any time. It is difficult to abolish all administrative means while maintaining the main frame of the planned economy. Moreover, under the condition that not long ago the macroeconomy was, to a certain extent, out of control and some new unstable factors emerged in economic life, within a certain period of time the employment of administrative means should also be strengthened. By doing so, we shall reduce the employment of administrative means in the future. Third, the procuratorial and supervisory systems should be gradually perfected. While enterprises are invigorated and the economy becomes enlivened, if we do not have the necessary procuratorial and supervisory organs and sound and well-organized procuratorial and supervisory systems, it will be difficult to better plug the loopholes in economic life and better safeguard the interests of the state and consumers. Fourth, it is imperative to make the work of economic legislation and judicature closely keep abreast of the reform and strengthen the work of legislation while carrying out the reform. The progress of the economic structural reform and the further development of the national economy increasingly demand fixing economic relations and the norms of economic activities in the form of laws, so as to make law an important means for regulating economic relations and economic activities.

Reform Should Be Carried Out in an Orderly and Well-Coordinated Way in a Number of Stages

We can never act recklessly and try to achieve the expected goal of our reform in a single move. Reform is a cause that should be carried on continuously and be divided into a number of stages too. That is, we should conduct reform in an orderly and planned way.

In our reforms, especially the urban reforms, relations between economic activities in all fields are very close, and cooperation and coordination are necessary in modern socialized production.

Therefore, our reforms in each field cannot be carried out separately and must be well coordinated. We should give consideration to the influence of each reform measure in all related fields. Only thus can we achieve better results. In the whole country, there should be an overall reform program; and in a city, there should also be an all-round plan. At present, priority should be given to the reform measures favorable to economic stability, favorable to effective macroeconomic control, favorable to economic legislation, to the enforcement of economic laws, and to economic supervision, favorable to the proportionate development of the economy and the rationalization of the industrial structure, and favorable to the prevention of overheated economic activities and the prevention of the excessive growth in capital construction. If these issues are properly resolved through reform and our work, we will further control the macroeconomic links which were out of control in the previous period, will further rationalize various economic ratios, will further stabilize our economic life and create a better economic environment for reform, and will more effectively promote the orderly development of comprehensive reform. By successfully taking this step and achieving obvious results in improving the economic environment, we will be able to go ahead in reform and improve our planning, monetary, financial, and taxation systems so as to develop a socialist commodity market and to perfect the market system. Reforms in all these fields must be well coordinated and must not be carried out separately. The most important task is to, under the guidance of plans, gradually establish a sound system of socialist markets, including commodity markets, funds markets, and technology markets, and to establish a price system which can reasonably and sensitively reflect relations between supply and demand on the markets and the changes in social labor productivity and which can meet the needs of the development of the national economy so as to promote the full development of the socialist planned commodity economy on the basis of public ownership and to gradually form a vigorous and dynamic new-type socialist economic structure. Corresponding to the above-mentioned two reform steps, we should further streamline and reform state economic management institutions.

Outlook and Prospects for Our Reform

Through practice in the past 7 years since the 3d Plenary Session of the 11th CPC Central Committee, we have found the road to build socialism with Chinese characteristics, and we can see more and more clearly the outlook for our economic structural reforms. Here, I would like to discuss several main points about the prospects for our economic reform.

The central issues that should be solved in the course of reform: With the in-depth development of the reforms, two issues must be properly solved. First, we must further invigorate enterprises, especially the large and medium-sized state-owned enterprises. This is the central link of the economic structural reforms in cities, is the starting point and footing for the reforms, and is the foundation for enlivening the economy as a whole. Second, we must strengthen the state's macroeconomic control, management, and regulations so as to bring the overall economic situation under effective control. The essential requirement in these two aspects is to seek a whole set of mechanisms and means to ensure effective macroeconomic management and enliven microeconomic activities and to perfectly and organically integrate plans and markets. This is the most difficult and also the most important issue that must be solved in reform, and it is a central issue that concerns the whole situation.

The way to invigorate enterprises, especially large and medium-sized state-owned enterprises: In order to improve external conditions for the enterprises, we should, first, continue to streamline administration and decentralize management power on the principle of separating government from enterprise functions. It is necessary to really and thoroughly delegate the microeconomic decision-making power and enterprise management power to the enterprises. This power must not be withheld by administrative institutions at various levels.

Second, large and medium-sized state-owned enterprises which operate efficiently, make great contributions to the state, and retain a relatively low proportion of profits in their hands should be allowed an appropriate reduction of taxes and profit contributions. In particular, regulatory taxes on them can be appropriately reduced. Third, mandatory plans and tasks assigned to these enterprises should be further reduced gradually and appropriately and enterprises should be allowed to sell a larger proportion of their own products by themselves. While adopting the above reform measures, we should pay special attention to maintaining an equilibrium between total social demand and total supply and should try to create a situation in which supply slightly exceeds demand so as to form a buyers' market. This will prompt the enterprises to seriously improve their management and operations and to make rapid progress in technology in order to win a better position in market competition.

Enterprises, especially large and medium-sized state-owned enterprises, should fully and properly use the decision-making power granted them by the state, speed the pace of their internal reform, perfect their economic responsibility systems based on all types of contracts, strengthen quality control and technological management in an all-round way, and effectively tap the great potential in these enterprises through improving product quality and raising economic efficiency. In order to speed internal reforms in enterprises, it is necessary to resolutely reform the personnel system inside enterprises, especially in large and medium-sized state-owned enterprises and to promote a number of competent people who have courage, insight, and management skills to the leading bodies of the enterprises. It is also necessary to gradually adopt the system under which enterprise managers' responsibilities are clearly specified in the contracts signed between the higher authorities and the management bodies of the enterprises. That is, a management responsibility system based on contracts should be adopted in the enterprises.

Bringing the functions of cities into full play and gradually perfecting the socialist commodity market. Our reforms should serve the purpose of developing a socialist commodity economy in a planned way on the basis of public ownership, so it is necessary to bring the manifold functions of the cities into full play and to gradually establish and perfect an open rather than close, unified rather than separated socialist market. On the one hand, cities should no longer interfere in the routine business activities and production of the enterprises through issuing administrative orders as in the past; on the other hand, all cities should open their doors to other cities and other areas.

The development of the socialist commodity economy will inevitably require the further expansion and improvement of the socialist commodity market. Therefore, we not only should develop the markets for consumer goods, but should also allow more production materials and capital goods to enter markets for free transactions by gradually narrowing the scope of production materials and capital goods allocated by the state authorities. Along with the development of the commodity market, there must also be the fund markets and technology markets. Reasonable movement of labor force should also be promoted so as to meet the needs in the development of markets. Cities should all open their doors and welcome all people, no matter whether they represent public or private enterprises and whether they come from the north or south, to do business, make investments, arrange cooperation, and conduct technological exchanges.

The coordinated reforms and the use of various economic regulatory mechanisms: This includes issues concerning the reforms of our planning system, price system, labor and wage system, monetary system, and foreign trade and foreign exchange management.

The main body of our economic plans will gradually shift from mandatory plans to guidance plans, and the main means of our economic management will gradually change from direct control into indirect control. This is the central task in the reform of our planning system.

Under the socialist conditions in our country, we will maintain some mandatory plans, but the scope of mandatory plans will be narrowed, and the scope of guidance plans will be gradually expanded. At any time, administrative means will still be used for economic management, and sometimes the administrative means should be strengthened. But our general orientation is to reduce the use of this means step by step. The reduction of mandatory plans and the use of administrative means, as well as the decontrol of microeconomic activities, should all be coordinated with the strengthening of the state's macroeconomic management and the authorities' ability to use economic regulatory mechanisms.

In price reform, we should be good at applying the "four-character" formula, namely, "decontrol, readjustment, participation, and management." By "decontrol," we mean that prices for some commodities should be gradually allowed to change freely according to the relationship between supply and demand on the markets, thus gradually becoming floating or free prices. By "readjustment," we mean that the state should take the initiative in readjusting price differences between commodities of different quality and readjusting price parities between different commodities. By "participation," we mean that state-owned industrial and commercial enterprises and the state departments in charge of material supply should hold some commodities in their hands so that they can participate in regulating market conditions and stabilizing the prices. By "management," we mean that price management should be conducted at various administrative levels. In the future, the state will continue to exercise management over prices, but the management will not be so highly centralized as before.

In addition, we will continue to explore ways that are in line with our national conditions to conduct reforms of the wage system, the monetary system, the foreign trade system, and the foreign exchange management system.

The readjustment and streamlining of the state organs for economic management: In general, comprehensive economic departments will make their policy decisions more scientific and concentrate on macroeconomic management by freeing themselves from concrete affairs. They should also strengthen their decision-making brain trusts. The functions of some departments which take charge of specific industries are often overlapping, and they should be further streamlined. The functions of these departments in managing the enterprises' production, supply, marketing, personnel, and financial affairs should be weakened. However, they should pay more attention to planning the development orientation of the industries they take charge of and should strengthen their functions to rationalize the industrial structure and the enterprises' organizational structure. In addition, the departments for economic legislation and the enforcement of economic laws should be further strengthened. All leading departments must have the viewpoint of serving the grass-roots units.

Because of the limitations of the length of the article and of my understanding, the above points may not be all correct and perfect. However, our practice has shown a clearer and clearer road for our economic reforms, and we have accumulated more and more experience. This must be fully affirmed, and we should highly value and cherish our achievements and experience.

PURSUIT OF RISK INVESTMENT STRATEGY DETAILED

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[Article by Ling Wancheng and Liu Kao: "Risk Investment in China"]

[Text] China's first financing enterprise specializing in risk investment in developing new technologies -- the China New Technology Investment Corporation -- was founded on 28 December 1985 with the approval of the State Council.

This company is under the dual leadership of the People's Bank of China and the State Science and Technology Commission, and its capital is jointly held by these two state institutions. The founding of such a company is a new experiment in China's economic, technological, and financial structural reforms.

What Does Risk Investment Mean?

Risk investment is a mechanism combining financial arrangements with the development of new technologies. Song Jian, minister of the State Science and Technology Commission, used some vivid figures of speech to describe the function of risk investment. He said: Risk investment is an important "bridge" linking large quantities of new technological achievements to social life, is a "hotbed" for breeding high technology products, is a "matchmaker" for the marriage between high technological achievements and the commodity economy, and is a "guide" to the development of new industries.

Risk investment originated in the United States in the late 1940's. After the end of World War II, the electronics industry and other new technologies emerged successively, and the investment activities which turned the new technologies into new products boomed. Now risk investment has become a major branch of economic activities in the world.

Developing Risk Investment Is Necessary

A major drawback of China's existing scientific research systems is that research achievements cannot be rapidly and effectively turned into commodities and be used in the production process to produce economic benefits. This state of affairs is more obvious in the new industries based on high technology. China develops many new technologies and makes many research achievements every year, but they remain at the stage of samples, gifts, and exhibits for a long time and have few opportunities to really enter people's socioeconomic life as commodities people can buy, sell, and use. These new technologies and research achievements can hardly promote the updating and renewal of social products, enhance labor productivity, and accelerate the accumulation of social wealth.

The greatest obstacle to the shift of technological achievements to social products is the shortage of funds. Banks usually just offer loans to the guaranteed projects and enterprises, as they do not quite understand the development of the new technological projects which will conduct trial production. For research departments, research items under trial production fall out of the scope of research and belong to the scope of production. But state economic departments care only about some large-scale research projects. Many smaller scale technological items with good market prospects, potential for intense economic efficiency and which involve risk cannot be further developed and shifted to production; no department is willing to allocate funds, and no bank is willing to offer loans. They are simply cast aside. This is the background against which people began to seek a mechanism to link technological development with funds.

Risk Investment Is Feasible

The contemporary technological revolution in the world is playing two major roles in economic development: First, it enables the new industries based on high technology to replace the traditional industries and to take a leading position in the economy; second, it helps high technology infiltrate traditional industries so as to effect major structural changes in these industries. These two aspects, however, all depend on the support of large amounts of funds. That is the reason why risk investment has been booming over the past decades.

In October 1983, Premier Zhao Ziyang pointed out: We should take action to meet the challenge of the new worldwide technological revolution. Chairman Deng Xiaoping also said: The long-standing problem of scientific research and technological development being separated from economic activities should be resolved as soon as possible.

In November 1984, the development strategy institute of the research center for promoting and developing China's science and technology put forward a "proposal on making feasibility studies for the establishment of a risk investment company." This proposal pointed out the disadvantages of the existing system under which the government directly controls funds for technological development. As a result, large quantities of new technologies cannot be efficiently shifted to commodity production. The proposal said that the measure of making risk investment should be taken as soon as possible so as to make up for the shortage of funds for developing new industries.

A leader of the State Science and Technology Commission made an instructive comment on the proposal: "This is a good proposal. The referent studies should be started immediately, and the report should be submitted before the Seventh 5-Year Plan is officially passed."

This marked the beginning of the study of risk investment in China. The research center for promoting and developing China's science and technology studied the practice of risk investment in foreign countries and sent some investigation groups to such developed coastal areas as Guangdong and Fujian and to Beijing Municipality to discover the feasibility of making risk investments there. According to the large quantities of data and the results of the investigations, the research center reached the following conclusions:

— There are numerous sources of technology for the founding of risk investment undertakings in China, and there are many promising high technology products with great potential. The supply of such advanced technology can be guaranteed through various channels such as the introduction of technology, transactions on the technology market, and the transfer of research achievements.

— There are a number of entrepreneurs who have technological knowledge, management skills, and a pioneering spirit. According to statistics, there are more than 6 million scientific and technological personnel in the whole country, with over 1.04 million of them at and above the intermediate level. There are about 10,000 research units in the whole country.

— Risk investment undertakings can get funds from various sources. The development of the rural economy and the expansion of enterprise decision-making power have continuously increased available funds scattered in society. In 1984, the sum of private savings, working funds, and enterprise funds reached 350 billion yuan. If an investment mechanism is built to make flexible use of these idle funds and funds not included in state plans, they will be partly used to develop new technologies and to shift these technologies to the production process. This will greatly promote China's economic development. In addition, many localities are willing to allocate some money from their finances to the special risk investment funds.

— The reform of the technological system will bring about broad prospects for the market for high-technology products. The development of the technology market, the compensated transfer of technology based on a contract system, the trial implementation of the science fund system, and the appearance of research-production combination bodies will bring about unprecedented prosperity in the field of science and technology.

The Founding of the New Technology Development and Investment Company

The investigation and study group for the issue of risk investment submitted a study report to the leaders of the State Science and Technology Commission, proposing that a limited liability company be established to specialize in making risk investments in developing high technology. The group also designed the forms, management methods, technological spheres, geographical distribution, and organization of risk investment. The State Science and Technology Commission and the State Council gave full support to this imaginative and scientific proposal. On 4 April 1985, the leading party group of the State Science and Technology Commission held a meeting to discuss and pass the proposal and program for establishing the China risk investment corporation. This point was also written into the CPC Central Committee's decision on reform of the technological system. "Support should be given to the founding of investment institutions which specialize in developing high technology which may incur some economic risks."

In April 1985, the State Council and the economic and financial affairs leading group of the CPC Central Committee approved the establishment of the China New Technology Investment Corporation, and agreed with the form of risk investment in order to support the development of new technology. The State Science and Technology Commission then set up a preparatory group for the establishment of this company. The concrete options were submitted for comment to the June meeting to exchange technological achievements.

At the same time, China began to reform its financial system and a financial market began to take shape. This paved the way for movement of funds and for horizontal financing activities and provided a better environment for the founding of the risk investment company.

LIAOWANG EXPLAINS ENTERPRISE BANKRUPTCY LAW

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[Article by Sun Yaming, adviser to the Economic Legislation Research Center of the State Council and vice president of China's Economic Law Society: "China's Enterprise Bankruptcy Law, Which Is Being Formulated"]

[Text] In order to carry out the policy of reform, opening up to the outside world, and invigorating the domestic economy, we have discussed the following questions while formulating China's enterprise bankruptcy law:

The Reason for Formulating the Enterprise Bankruptcy Law

The reasons for formulating China's enterprise bankruptcy law are as follows:

-- To meet the need to smoothly carry out reform of the overall economic structure centering on our cities. Formulating China's enterprise bankruptcy law and establishing the socialist enterprise bankruptcy system are an important aspect of our economic structural reform. Leaders and workers of enterprises must establish the concept of competition, value, market, and risk while firmly establishing the concepts of reform, law, and an overall point of view. The so-called concept of risk means that we should recognize that if an enterprise is unsuccessful, it will run the risk of bankruptcy. So the socialist enterprises must be successful, not unsuccessful. This is an important criteria for demonstrating that socialist enterprises are responsible to the country and its people.

-- To meet the needs of developing a socialist commodity economy. Proceeding from China's reality, while extensively carrying out socialist competition, we must, according to the principle of promoting the good and eliminating the bad through competition, enable most of the several million enterprises throughout China to vigorously develop, actively compete, continuously increase economic results, and strengthen competitive strength so as to provide high-quality and reasonably priced commodities for the society. In the increasingly keen competition, a minority of enterprises will inevitably go bankrupt because of poor management. Under such circumstances, economic construction will be damaged if we do not have an enterprise bankruptcy law to deal with these cases of bankruptcy. The bankruptcy law is an important legal norm in our use of legal methods to control the economy and correctly deal with cases of bankruptcy.

-- To meet the needs of reducing the state's financial burden and practically improving the management and operation of the enterprises. Before 1979, China had implemented an excessively centralized economic management structure and a unified purchase and marketing system. All revenues and expenditures were handled by the state in a unified way. Profits of the enterprises were turned over to the state, and losses of the enterprises were subsidized by the state. In recent years, along with development of the reform of China's economic structure, on the one hand, the decision-making power of the enterprises run by the state has gradually been expanded; on the other hand, the state's macroscopic control over the national economy has also gradually been strengthened. At the beginning of 1983, in order to raise the economic results of the enterprises and reduce the number of deficit-ridden enterprises, the State Council instructed the various areas and departments to stress turning losses into profits while vigorously developing production. By the end of 1983, after a year of hard work, the number of unprofitable state industrial enterprises had been reduced by more than 4,200 and the amount of loss reduced from 4.27 billion yuan to 2.79 billion yuan. By the end of 1984, the number of the unprofitable state industrial enterprises was reduced by another 1,400 compared with 1983, and the amount of loss was reduced to 2.16 billion yuan. Among these, business losses were reduced from 60 percent in 1981 to around 40 percent in 1984. For quite some time, the losses of state industrial enterprises, especially business losses, were subsidized by the state. This method was detrimental to the development of the socialist commodity economy, because, on the one hand, state finances had to shoulder a burden of billions of yuan, on the other hand, by depending on state subsidies, some enterprises lost their vigor and were not keen on increasing production. Moreover, subsidizing enterprises means supporting backward enterprises and hampering advanced enterprises from greatly developing socialist economic results. To reverse this situation and cast away the old practice of "eating from the same big pot," it is necessary to formulate a socialist enterprise bankruptcy law.

Is It Possible That Enterprises Run by the State Will Go Bankrupt?

Some people think it is impossible for socialist state enterprises to declare bankruptcy. This is not so. If state enterprises cannot operate well, they should go bankrupt. All enterprises that go bankrupt -- be they collective enterprises, joint ventures, enterprises run through cooperation with foreign businessmen, enterprises with exclusive foreign investment, or state enterprises -- must be dealt with according to China's enterprise bankruptcy law. How will state enterprises pay off debts when they go bankrupt? They should use the fixed assets allocated to them by the state, various kinds of funds under their control, and self-owned funds to pay off their debts. It is acknowledged that the fixed assets of state enterprises belong to all people and not to the enterprises themselves.

If fixed assets belong to all the people, how can state enterprises use these to pay off their debts? It is because China presently has 300,000 state enterprises, nearly 100,000 of which are state industrial enterprises. So it is impossible and unnecessary for state organs, especially government departments, to directly operate so many enterprises. The practical experiences of China's economic construction for the past 30 years tell us that if government departments directly operate enterprises, subjectivism and bureaucratism will inevitably prevail. This will make enterprises dependent upon administrative organs, restrict the vigor and vitality of the enterprises, and dampen the enthusiasm, initiative, and creativity of the workers.

The CPC Central Committee's decision on reform of the economic structure clearly points out: "Ownership and power of operation can be duly separated." This means that except for a few special cases, government departments will not directly operate enterprises in the future. Government departments will instead administer, examine, guide, and coordinate state enterprises through state plans and economic, administrative, and legal methods, that is, exercise macroscopic administration and macroscopic control over the enterprises. This kind of control is not direct control, but indirect control. Indirect control means to bring into play the coordinating role of all kinds of economic levers and perfect economic legislation and economic supervision.

To enable state enterprises to truly become relatively independent economic entities, true legal representatives of the enterprises, and socialist commodity producers and operators who can operate by themselves and be responsible for their own profits and losses, the state should also delegate to the enterprises the power to possess, use, and deal with the fixed assets allocated to the enterprises. This means that the state authorizes state enterprises to practically exercise the right to own and dispose of the fixed assets. Thus, the state enterprises can always make full and reasonable use of their machines and factory buildings, successfully turn raw materials and auxiliary materials into commodities needed by the society, and properly carry out technological transformation and equipment renewal. When state enterprises go bankrupt, they can use their fixed assets to pay the debt. This does not mean the state has been deprived of its right to own the fixed assets of the state enterprises. The state's ownership of state enterprises' fixed assets gives the state the right to administer and supervise the state enterprises, collect from the state enterprises by means of revenue and some other means net income which is to be used by the state in a unified way, and appoint, approve, or select leaders of the enterprises. It also gives the state the right to set up, close, combine, and move enterprises and stop or change the production of the enterprises.

While they are specifically exercising their right to own, use, and deal with the fixed assets, the state industrial enterprises must also be correspondingly responsible to the state. This mainly means that state industrial enterprises must fulfill state plans, guarantee the quality of their products, and be responsible to their consumers and customers. At the same time, state industrial enterprises must observe financial discipline, pay taxes, and turn over their profits to the state, trying at the same time to not only guarantee the value of the fixed assets, but to enable the value of the fixed assets to gradually increase in order to carry out expanded reproduction.

If state enterprises did not have the use their fixed assets to pay off debts when they went bankrupt, while collective enterprises and other types of enterprises had to use all their property -- including fixed assets -- to pay their debts, then state enterprises would be in a special position. This would be extremely unfair. It would also not conform to the law governing development of the commodity economy. So the state has delegated to state enterprises the powers to own, use, and deal with the fixed assets allocated to state enterprises. This is quite necessary to the development of the socialist commodity economy and development of the horizontal economic contacts among enterprises.

The "general regulations of the civil law of the People's Republic of China (draft)" correctly stipulates: "The legal representative of the enterprises owned by all the people shoulders civil responsibility for the property managed and administered by them." This will be an important legal basis for dealing with cases of bankruptcy by state enterprises.

The Main Contents Which Should Be Included in the Law of Bankruptcy

-- The guiding ideology in the legislation. China's enterprise bankruptcy law must be beneficial to socialist economic construction. In dealing with enterprises which are on the verge of bankruptcy, it must, first of all, aim at carrying out detailed investigations and analyses, try to reform and rectify those which can probably be saved, enable them to recover their vitality so that they can continue to operate, and make due contributions to the society by creating wealth. Only those enterprises which cannot recover their vitality after being reformed and rectified or which do not have necessary conditions for reform and rectification will be declared bankrupt by the people's court according to the law. So the basic spirit embodied in China's enterprise bankruptcy law mainly stresses rectification rather than bankruptcy.

-- The area of application. China's enterprise bankruptcy law is not only applicable to enterprises owned by all the people and collective enterprises or collective companies. It is also applicable to joint ventures, enterprises jointly managed by Chinese and foreign businessmen, enterprises or companies with exclusive foreign investment, various kinds of cooperative enterprises, and companies and combined economic organizations.

In dealing with cases of bankruptcy among agricultural, industrial, and commercial household enterprises, we can refer to relevant regulations of the enterprise bankruptcy law. When conditions become ripe in the future, we will formulate a bankruptcy law for agricultural, industrial, and commercial household enterprises.

-- The limits of bankruptcy. The preliminary concept of bankruptcy is "to be unable to pay off debt which has become due for payment." Enterprises in any of the following categories can be declared bankrupt: 1) Debt accounts for 90 percent of the registered funds of the enterprises (or companies), and the enterprises (or companies) are unable to pay off the debt which has become due for payment; 2) the total irremediable loss of the enterprise accounts for 80 percent of the registered funds, and the enterprises are unable to pay off the debt due for payment.

-- The composition and tasks of the committee to administer, deal with, and supervise cases of bankruptcy. Bankruptcy cases should be dealt with by the people's court in the locality where the department responsible for enterprises on the verge of bankruptcy is located. The enterprises on the verge of bankruptcy, the creditors of the enterprises, the local people's government's planning commission, economic committee, industrial and commercial administrative bureau, financial and revenue department, local people's bank, and department responsible for the enterprises can all apply to the relevant court for rectifying the enterprises or declaring them bankrupt. After the court places the case on file for investigation and prosecution, a supervisory committee will be formed by the court. Members of the supervisory committee should be representatives of the above mentioned relevant departments. The supervisory committee will be responsible to the court and report its work to the court. The task of the supervisory committee is to go to the enterprises on the verge of bankruptcy to carry out investigations and help the enterprises make rectification plans. If an enterprise does not have the conditions for rectification, the supervisory committee will advise the court to declare it bankrupt. During the period of rectification, the supervisory committee is responsible for supervising the work of rectifying the enterprises. After the enterprises have been declared bankrupt, the supervisory committee is responsible for taking care of, checking up on, appraising, selling off, and distributing the property of bankrupt enterprises.

-- The creditors' meeting. The task of the meeting is to examine the certificates and other relevant documents of the creditors, decide on the number of creditors, discuss, and vote on the rectification plan put forward by the enterprises on the verge of bankruptcy. After the rectification plan is examined and approved by the supervisory committee, the plan should be submitted to the court for adjudication.

-- Distribution of the property of bankrupt enterprises and the order of paying off the debt. When bankrupt enterprises pay off their debt, they must first pay the workers salaries and the revenue they owe. They will then distribute among the creditors the property of the bankrupt enterprises according to the percentage their credits occupy in the property of the bankrupt enterprises. The creditors who have insured the property of the bankrupt enterprises have the right to claim before other creditors repayment for all property or that part of the property they have insured.

-- How to resettle workers after enterprises go bankrupt. The labor department or labor service companies must try their best to provide jobs for workers of bankrupt enterprises. The workers can also look for jobs by themselves. The workers can also get some bankruptcy relief funds from the social guarantee institutions according to the relevant regulations. This can help maintain the workers' standard of living.

-- Regulations for punishment. Those who embezzle, hide, destroy, or throw away property belonging to the bankrupt enterprises or fabricate debts should be punished according to the law. Leaders of bankrupt enterprises who are responsible for the bankruptcy should not be appointed to new leading posts or be allowed to manage new enterprises for 3 years. Instead, they should be punished economically. The people concerned in the departments responsible for the bankruptcy of the enterprises should also receive some sort of disciplinary sanctions and economic punishment.

ZHAO ZIYANG, HU QILI VISIT HAINAN FOR FESTIVAL

OW081533 Beijing XINHUA in English 1515 GMT 8 Feb 86

[Text] Guangzhou, February 8 (XINHUA) -- Premier Zhao Ziyang today extended Spring Festival greetings to Li and Miao minority people on Hainan Island wishing them happy new year and a more prosperous life. Zhao, together with Hu Qili, a Political Bureau member of the Central Committee of the Chinese Communist Party, and Vice Premier Tian Jiyun dined with local people in a Miao village at the foot of the Wuzhi (five-fingers) Mountains in accordance with the tradition and toasted the unity of the country's all 56 nationalities. They then called on peasants in a Li village. They also visited some returned Overseas Chinese working on a state farm on Thursday.

[Beijing XINHUA Domestic Service in Chinese at 1131 GMT on 8 February transmits a similar item, with the following additional information: "Lin Ruo, secretary of the Guangdong Provincial CPC Central Committee, accompanied Zhao Ziyang and other comrades in visiting the Wuzhi mountainous areas."]

Greet Hainan PLA

OW091708 Beijing XINHUA in English 1654 GMT 9 Feb 86

[Text] Guangzhou, February 9 (XINHUA) -- Premier Zhao Ziyang this evening went to Yulin, the southern tip of Hainan Island, and offered greetings of the Communist Party Central Committee and the State Council to the men of the People's Liberation Army stationed there. Today is the Spring Festival, New Year's Day on the lunar calendar.

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He was travelling with Hu Qili, member of the C.P.C. Central Committee's Political Bureau, and Tian Jiyun, vice-premier. The leaders wished the P.L.A. men a happy new year and still greater successes in their work. They attended a film show with the P.L.A. men. Lin Ruo, secretary of the Guangdong Provincial Committee of the C.P.C., was accompanying them on the tour.

HU YAOBANG ATTENDS TOWNSHIP CELEBRATION IN YUNNAN

HK111428 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 10 Feb 86

[Recorded report: "Comrade Hu Yaobang Happily Spends Spring Festival With the Masses of All Nationalities in Four Townships in Luoping County"]

[Excerpts] On the afternoon of 8 February, a stockaded village in (Tangdi) Township, Banqiao District, Luoping County, was astir with jubilant crowds. Hu Yaobang, general secretary of the CPC Central Committee, attended a get-together here which was held by the masses of the Bouyei, Miao, Yi, and Han nationalities of four townships -- (Tangdi), (Fada), (Boyi), and (Xiapo). They happily celebrated the joyous 1986 Spring Festival. To warm applause, Comrade Hu Yaobang first wished the masses of all nationalities a happy year.

[Begin recording] Comrade Hu Jintao, secretary of the Guizhou Provincial CPC Committee, is first asked to speak. On behalf of the 30 million people of all nationalities in Guizhou Province, I wish the people of all nationalities in our fraternal Yunnan a happy year. [end recording]

At the joyous get-together, while General Secretary Hu Yaobang was watching the literature and art programs performed by young people of various nationalities, he cordially talked with grass-roots cadres. He thoroughly inquired about the situation in local production and income. When the get-together was about to end, Comrade Yaobang and leading comrades including Hu Jintao, Pu Chaozhu, and Liu Shusheng stood up, went to the masses, and danced the dance of unity of nationalities with their hands joined with the masses.

XI ZHONGXUN, QIAO SHI GREET HOANG VAN HOAN

OWO91238 Beijing XINHUA in English 1228 GMT 9 Feb 86

[Text] Beijing, February 9 (XINHUA) -- Chinese party leaders Xi Zhongxun and Qiao Shi exchanged festival greetings with veteran Vietnamese revolutionary Hoang Van Hoan here today on the occasion of the Spring Festival. Hoang, 81, came to China in 1979.

Xi Zhongxun and Qiao Shi, both members of the Political Bureau of the Chinese Communist Party Central Committee, warmly embraced Hoang when they arrived at the latter's home. Xi praised Hoang for his efforts to promote friendship between the Chinese and Vietnamese peoples. He also congratulated him on the completion of his 200,000-word memoirs. "What you have done for the Sino-Vietnamese friendship will constitute a prominent page in the annals of the Sino-Vietnamese relations," Xi said to Hoang. Noting that the friendship between the two peoples was fostered by the Chinese leader Mao Zedong and the late Vietnamese leader Ho Chi Minh, Xi Zhongxun said that the Chinese people would always regard the Vietnamese people as their friends.

In reply, Hoang said that he was happy to do what he could for restoring and developing the relations between the two peoples. He said that he was deeply impressed by what China had achieved in recent years. After the meeting they had dinner together. Present were Zhu Liang and Jiang Guanghua, head and deputy head of the International Liaison Department of the Chinese Communist Party Central Committee.

LEADERS MEET NUCLEAR SCIENTISTS, DISCUSS STRATEGY

HK110656 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 5, 3 Feb 86 pp 3-4

[Article by reporters Gu Mainan and Gu Wenfu: "A Change of Strategy in the Nuclear Industry"]

[Text] Spring came to Zhongnanhai especially early this year. Though it was the 12th month of the lunar year with the cold of winter still in the air, the drooping willows on both sides of Zhonghai and Nanhai had sprouted new green buds presaging the arrival of the season of many colors.

On the afternoon of 21 January, 10 scientists and engineering and technical personnel from the Ministry of Nuclear Industry, together with Minister of Nuclear Industry Jiang Xinxiong and Vice Minister Chen Zhaobo, excitedly went into the back room of Huairan Hall in Zhongnanhai. Among them were white-haired nuclear chemist Jiang Shengjie, nuclear physicist Wang Ganchang, and middle-aged high-level engineers and scientists Liu Xingzhong, Min Yaozhong, Huang Qitao, Yu Min, Lian Peisheng, Qian Gaoyun, Lu Dexian, and Sun Zuxun. Among them the oldest was near 80 and the youngest 48. In the past 38 years, they, together with their partners and colleagues, fought bravely in the wind swept and snow-bound wastelands and in the Gobi Desert, performing outstanding deeds of merit in building China's nuclear industrial system, in researching and manufacturing strategic nuclear weapons, and in the peaceful use of nuclear energy. Now, the initial period of building nuclear industry has passed. The state has entered the period of construction of the Seventh 5-Year Plan. Displaying more fight, 300,000 workers on the nuclear industrial front have begun to work on making the second chapter in the history of starting a nuclear industry -- a chapter in the peaceful uses of nuclear energy.

The peaceful uses of nuclear energy have wide ramifications. In what direction should energy be diverted? The news that party and state leaders wanted to have direct talks with scientists and experts filled the latter with great delight. They had actively worked out their proposals and come to Zhongnanhai.

The scientists had scarcely seated themselves in the back room of Huairan Hall when Hu Yaobang, Fang Yi, Li Peng, Yang Shangkun, Hao Jianxiu, and other leaders entered. Jiang Xinxiong introduced the experts to the leaders, one by one. After an exchange of cordial greetings, everyone gathered together for a group picture. Hu Yaobang and Yang Shangkun came over to take the hands of Jiang Shengjie and Wang Ganchang, saying: "Please let the elderly comrades be seated in front!"

The forum began in a lively and cordial atmosphere. Hu Yaobang said: "The comrades on the nuclear industrial front have made valuable contributions serving the party, the state, and the people. Thanks to their efforts, our country has successfully researched and manufactured nuclear weapons, strengthened national defense, and established a relatively perfect nuclear industrial system. It has a quality nuclear industrial force. The party Central Committee, the State Council, the Central Military Commission, and people throughout the country will not forget the historic and brilliant contributions made by you!"

These few lines by the secretary general summed up several decades of hard work and several decades of seeking, struggle, hardships, and joys for experts and workers on the nuclear industrial front. The responsible comrades of the Ministry of Nuclear Industry and the scientists felt deeply moved, a surge of warmth running through their hearts. "You comrades have really achieved much," Hao Jianxiu cut in with a smile. "In 1984, I wanted to return home through Italy after a visit to Albania. I could not obtain an airplane ticket. It happened that we had at that time exploded the first atomic bomb. As the news spread, the people at the airport on learning that a Chinese wanted a ticket immediately offered to sell one to me!"

Continuing, Hu Yaobang said he hoped that comrades in the nuclear industry could specialize in one field and be capable in many, get involved with multiple undertakings, and actively support civil industries in given areas, making new contributions toward development of civil industries and toward the building of the socialist economy.

"This is a matter of course. In the past, all sides came to your support and gave you the green light. You may as well be atop a high-rise building. Now it is hoped that you will walk down a few stories. Help those of us half-way from the top!" Hu Yaobang said laughingly. Everyone else laughed knowingly.

Before this forum, Vice Premier Li Peng had personally inspected nuclear facilities, including the Taishan nuclear power station under construction. At the forum, he said: The fundamental guideline for the development of our nuclear industry is that while guaranteeing war production, we must emphasize development and use of nuclear energy. This is to say that we must "guarantee a switch from military to civil uses." In developing civil industries, the Ministry of Nuclear Industry must focus on the development of nuclear plants. Of course, it must also get involved with other industries. The building of our nuclear power stations has been tough going. But we have after all made a start! In developing nuclear power projects, we must chiefly rely on our own resources. Of course, we must also introduce advanced technology from foreign countries.

He told everyone: "The CPC Central Committee Secretariat and the State Council have tentatively decided to entrust all the research and manufacture of nuclear power stations to the Ministry of Nuclear Industry. Thus, there is more scope for the abilities of the comrades of the Ministry of Nuclear Industry!" Li Peng look expectantly at the nuclear experts present.

Hu Yaobang agreed with Li Peng's view on a wide scope for the abilities of those of the Ministry of Nuclear Industry. He expressed the hope that the various departments of the Ministry of Nuclear Industry would establish wide connections, strengthen ties with local industries, industrial and mining departments, and town and township enterprises, and send scientific and technical personnel in support of given areas. He also said that in the peaceful use of nuclear energy, we can also enter into cooperation with foreign countries.

Fang Yi then said: "It is also very important to maintain a nuclear industrial research force. We must keep injecting new blood. While we study the peaceful uses of nuclear energy, we should achieve something new in such fields as nuclear chemistry, isotopes, and lasers, as is also our hope. In sum, there is a great scope for the abilities of the comrades of the nuclear industrial departments in various fields and a bright future for them!"

The experts present also talked freely about what they thought. On learning of the decision of the party Central Committee and the State Council to entrust the great mission of developing nuclear power projects to them, they were filled with great joy. They said that at present, 26 countries in the world have built nuclear power stations. In many scientifically and technically developed countries, around 50 percent of energy used comes from nuclear plants. We have already had experience in building 10 nuclear reactors. We have a relatively complete nuclear industrial system and a red and expert force. We also have the support and cooperation of various trades and fields throughout the country. The realization of this great decision of the party and the state can be definitely achieved. Some experts said that this has long been the desire of 300,000 workers on the nuclear industrial front. Given a quadrupling of total annual industrial and agricultural output value by the end of the century, the demand for electricity will also rise several times. If we rely completely on thermal electricity generation, just the transportation of several hundreds of millions of tons of coal from north to south would be expensive in terms of manpower and material resources, to say nothing of environmental pollution.

To thoroughly solve China's energy problem by the 21st century, we must develop nuclear plants. This is an extremely important task. If we do not start now, it will be too late as time goes on. So it can be said that the central decision is an unusually timely and correct one. Some scientists also said that despite the tough conditions in the 1950's or 1960's, we were able to build nuclear reactors in the Gobi Desert by relying on our own strength. Now conditions in various fields are far better than before. Given the state's policy of opening up to the world, we can rely chiefly on our own resources to build nuclear power stations. By introducing advanced foreign technology with emphasis on self-reliance, we can be adequately assured of success.

The interview of more than 2 hours ended. The scientists left Zhongnanhai full of confidence and hope. After the meeting, they immediately passed on the news to the masses of workers on the nuclear industrial front. A big question -- how to adjust a person's own work to this change in strategy -- is becoming a topic of common talk among workers in the nuclear industry. What Minister of Nuclear Industry Jiang Xinxiong and Vice Minister Chen Zhaobo said to scientists Jiang Shenjie and Wang Ganchang is thought-provoking. They said: In building nuclear power stations, we should also enforce mass cooperation among many departments the way we did before in researching and producing the atomic and hydrogen bombs. It will not do just to rely on the Ministry of Nuclear Industry. Though the party and the state let us bear the chief responsibility, we must cooperate properly with various departments. In the manufacturing process, we must bear firmly in mind what Premier Zhou Enlai said in those years when we were researching and manufacturing the "two bombs:" "Be solemn and serious; be attentive and careful; show not the least neglect; be on the safe side." Only after achieving the generation of electricity by one nuclear reactor, two nuclear reactors, and three nuclear reactors in a network and its continuous safe operation can we claim with justification that we have accomplished this glorious and tough task entrusted to us by the party Central Committee.

WANG RENZHONG, HAN XIANCHU VISIT WUHAN

HK080415 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 5 Feb 86

[Excerpts] On the eve of Spring Festival, Wang Renzhong and Han Xianchu, vice chairmen of the NPC Standing Committee, inspected Wuhan. Comrade Wang Renzhong visited factories and schools to conduct investigation and study and hold forums with representatives of various circles. He stressed: Correcting party style and unhealthy trends is an urgent demand of the masses. It has an extremely important bearing on doing all aspects of our work well and is an important factor concerning the success and failure of the great cause of the four modernizations. We must look to the central authorities as our example and do well in grasping this important matter to the end. We must truly score achievements.

From 22 to 27 January, Comrade Wang Renzhong held forums respectively with responsible persons of 18 factories, including the second motor vehicle plant, Wuhan Iron and Steel Corporation [words indistinct], Wuhan passenger vehicle manufacturing and assembly plant, Wuhan enamel plant, Wuhan cigarette factory, Shashi cotton textile mill, and Huangshi coal machinery plant. He listened to the reports of these factories and fully affirmed the achievements and experiences made in the course of reform.

From 31 January to 4 February, Comrade Wang Renzhong held forums respectively with some NPC deputies in Wuhan, deputies of the provincial People's Congress, model workers, experts, professors, and literature and art workers. During their inspection tour of Wuhan, Comrade Wang Renzhong and Han Xianchu inspected the provincial exhibition of town and township enterprises and met all delegates attending the symposium of the provincial people's congress. During this inspection they were accompanied by comrades, including Han Ningfu.

1985 CAPITAL CONSTRUCTION RESULTS DETAILED

JW110520 Beijing XINHUA Domestic Service in Chinese 0015 GMT 10 Feb 86

[By reporter Ge Daxing]

[Text] Beijing, 10 Feb (XINHUA) -- In China's 1985 capital construction, 97 large and medium-sized projects and 134 large and medium-sized single items were completed and put into operation, greatly enhancing China's economic strength.

According to the latest statistics supplied by the State Statistical Bureau, 35 percent of the large and medium-sized projects and 72 percent of the single items recently put into operation were energy and communications projects. The major energy and communications projects completed were the Yuanbaoshan power plant in Nei Monggol with a generating capacity of 600, 000 kilowatts, the Mudanziang power plant in Heilongjiang, and the Dahua hydroelectric power plant in Guangxi with a generating capacity of 400,000 kilowatts; the 308-km Yanzhou-Shijiazhuang railway and the 430-km electrified double-track Beijing-Qinhuangdao railway; the second-phase of the Qinhuangdao port coal terminal with a designed handling capacity of 20 million tons of coal and the Shijiu port in Shandong with 15 million-ton coal handling capacity; and the Beijing-Wuhan-Guangzhou medium-sized coaxial communications cable. China mainly relied on the expansion and transformation of its 13 oil fields such as Daqing, Dagang, Liaohe, Jilin, Shengli, and Zhongyuan to produce more than 17 million tons of crude oil last year.

At the same time, by developing capital construction, China's metallurgy, building materials industry, chemical industry, machine building industry, and textile and light industries also increased production capacities. Among the projects were the chemical fertilizer plant of the Zhenhai petrochemical general plant in Zhejiang with a production capacity of 300,000 tons of synthetic ammonia and 520,000 tons of urea a year; the No 2 automobile plant with a production capacity of 85,000 automobiles; and the Loyang plate glass works in Henan with a production capacity of 2.32 million standard cases of plate glass per year.

In addition, another group of large and medium-sized capital construction projects also made remarkable progress. Currently, China has completed the construction of its largest copper smelter, the Guixi smelter in Jiangxi, and the Ningguo and Huaihai cement works. They have been or will soon be put into operation on a trial basis. The large and medium-sized projects that have been completed or basically completed include the Dajiang power plant of the Gezhouba hydroelectric power station with a designed power generating capacity of 1.75 million kilowatts; the Dajiang shiplock through which 10,000-ton ships can pass; the project of drawing water from the Luan River into Tianjin's south side; and the Xinxiang-Heze railway connecting the Jiaozuo-Taiyuan, Xinxiang-Jiaozuo, Heze-Yanzhou, and Yanzhou-Shijiazhuang railways.

It is understood that growth in capital construction in early 1985 was put under control since the beginning of the third quarter after the party Central Committee and the State Council adopted measures to strengthen macrocontrol. However, the scale of capital construction is still excessive. A responsible person concerned said: To exercise strict control over the scale of capital construction, readjust the investment setup in capital construction, vigorously develop key energy and communications projects, and improve investment results in an overall way remain pressing problems in promoting the healthy development of China's capital construction.

ANHUI'S HUANG HUANG MEETS PARTY SCHOOL GRADUATES

OW111025 Hefei ANHUI RIBAO in Chinese 28 Jan 86 p 1

[Text] The fourth advanced study class for leading cadres run by the Anhui provincial committee's party school has ended. Huang Huang, secretary, and Liu Guangcai, member of the Standing Committee and director of the Organization Department of the provincial party committee, received all students of the class.

Comrade Huang Huang spoke to the students at the meeting. He called on the cadres, party and government cadres in particular, to strive to raise their theoretical level and improve their understanding of management policies and skills. In the new year, efforts should be made to attain new heights in work by setting higher standards and making new demands on themselves. Comrade Huang Huang expressed the hope that, after returning to their work posts, the comrades of the advanced study class would persist in combining theory with practice, intensify efforts to temper their party spirit, foster the concept of wholehearted service to the people, and set a good example in rectifying party style.

The advanced study class for leading cadres was attended by 37 cadres at the provincial department, bureau, prefectural, and county level.

ANHUI EXPANDS COOPERATION WITH OTHER PROVINCES

OW111241 Hefei ANHUI RIBAO in Chinese 28 Jan 86 p 1

[Excerpts] Last year our province made further progress and achieved remarkable economic results in its economic and technical cooperation work. As of the end of last year, our province had established various forms of cooperation with 23 other provinces, municipalities, and autonomous regions. Long-term, stable, and friendly cooperative partnerships were formed between 41 Anhui prefectures, cities, and counties and 61 prefectures, cities, and counties of other provinces. The number of joint economic and technical ventures for which contracts or letters of intent were signed reached 2,408 for the whole year. Implementation was begun on 1,685 of the contracts, an increase of more than 4-fold over 1984. The joint ventures already contracted and under implementation have brought a total capital of over 680 million yuan into the province plus some 150,000 metric tons of rolled steel and pig iron, 4,000 metric tons of nonferrous metals, 80,000 metric tons of coke, as well as sodium carbonate, timber, and other items in short supply in our province.

Since our province became part of the Shanghai economic zone, it has signed or is negotiating a number of fairly large joint ventures with the fraternal provinces and municipalities within the zone in coal, building materials, chemical, and metallurgical industries. These include a large cement factory of 1.24 million metric tons annual capacity in Tongling which calls for a joint investment of 420 million yuan by the State Administration of Building Materials Industry, Shanghai Municipality, and Anhui Province; the continued construction of the 600,000-ton capacity Xinqiao iron sulfate mine for which Shanghai Municipality and the Ministry of Chemical Industry will invest 53.4 million yuan; and the expansion project of the Wuhu Iron and steel plant to build a 300-cubic-meter blast furnace with an investment of 45.5 million yuan by the Shanghai Municipal bureau of metallurgical industry and Jiangsu Province.

ANHUI PARTY COMMISSION STRESSES SELF-CRITICISM

OW111251 Hefei Anhui Provincial Service in Mandarin 1100 GMT 10 Feb 86

[Excerpt] Leading members of the party committee of the Hefei aluminum plant have persisted in serious criticism and self-criticism in the course of party rectification

in an effort to correct mistakes while carrying out party rectification. This has deepened the development of party rectification work.

The General Office of the provincial Commission for Guiding Party Rectification under the provincial party committee has written a note on this experience of the Hefei aluminum plant, pointing out that serious criticism and self-criticism are of great importance in rectifying party style. The note said:

What approach should the party rely on when it deals with the various problems and contradictions within the party? It should rely on the approach of encouraging all comrades in the whole party to use the weapon of criticism and self-criticism. But, some comrades have rejected this cherished tradition of the party. The attitude that it is difficult to carry out serious criticism, and even more difficult to do serious self-criticism, has been quite widespread within the party in recent years.

The Hefei aluminum plant party committee has provided a useful experience in reviving and carrying forward the party's fine style of criticism and self-criticism in the course of party rectification and in using this weapon to do well in party rectification. In its efforts to deal with problems found in the plant during party rectification, it has practiced serious criticism and self-criticism. In addition, it has focused attention on the key issues following comparison and examination to effectively correct mistakes while carrying out party rectification. It has achieved fairly remarkable results in this respect.

It is hoped that comrades of other party committees at various levels will act like the comrades of the Hefei aluminum plant party committee by really using the weapon of criticism and self-criticism and persist in attaining high standards in party rectification.

FUJIAN GOVERNOR GIVES SPRING FESTIVAL MESSAGE

OW120521 Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 8 Feb 86

[Radio talk by provincial Governor Hu Ping greeting the Spring Festival]

[Excerpts] Comrades, friends: Amid reports of all-round fulfillment of the Sixth 5-Year Plan, we greet the Lunar New Year of 1986. On behalf of the provincial government, I would like to extend my regards and thanks to those comrades working on production, administrative, and fighting posts during the holiday season; my holiday greetings to workers, peasants, intellectuals, cadres, technical personnel, all commanders and fighters of PLA units stationed in our province, public security cadres and policemen, various democratic parties, personages of various circles, and retired veteran cadres; and my season's greetings to compatriots from Taiwan, Hong Kong, and Macao, Overseas Chinese, and foreign experts and friends helping in our province's socialist construction.

In the first 5 years of the 1980's, we implemented the Sixth 5-Year Plan. Under the guidance of the line adopted at the 3d Plenary Session of the 11th CPC Central Committee, people throughout the province exerted concerted efforts over the past 5 years. An excellent political and economic situation has emerged. Great achievements have been made on various fronts. Our province's economy has achieved sustained, steady, well-coordinated, and relatively rapid development. The goals of struggle stipulated in the Sixth 5-Year Plan have been reached. Under the Sixth 5-Year Plan, our province's total industrial and agricultural output grew at an average annual rate of 12.2 percent and reached 23 billion yuan in 1985, increasing 77.8 percent over 1981. Our province's economic results have also been greatly enhanced.

The provincial economy has begun to shift from a closed door to an open door economy. Our economic and technological cooperation and exchange with foreign countries are expanding daily, enabling us not only to effectively use Overseas Chinese and foreign capital, introduce advanced technology, and increase our foreign trade and exports but has also opened our eyes to the outside world, enriched our knowledge, and broadened our economic base.

The next 5 years of the 1980's is a period for implementing China's Seventh 5-Year Plan. The next 5 years will be a period for China to be united, work hard, and fulfill another grand plan according to the general requirements for building socialism with Chinese characteristics. The fulfillment of the Seventh 5-Year Plan will be of great significance in revitalizing our province's economy, promoting social progress, bringing prosperity and happiness to the people, and in marching to the fore of the whole nation in the four modernizations. Unfolding before our eyes is a bright and beautiful future. We must have a strong sense of historical mission and political responsibility and dedicate our talents and abilities to the fulfillment of the goals of struggle of the Seventh 5-Year Plan.

The year 1986 marks the beginning of the Seventh 5-Year Plan. Hence, to have a good beginning, we must accomplish various tasks in 1986. We plan to increase our province's total agricultural and industrial output by 8 percent in 1986. At the same time, we plan to complete a number of large and medium-sized key projects vital to our province's economic construction. We must display the tiger's spirit in the Year of the Tiger and make 1986 a year of success, thereby creating favorable conditions for further economic development in our province.

While promoting economic construction, we must place economic structural reform above everything else. To consolidate reform achievements, we must stress agriculture, the foundation of the national economy, we must never neglect grain production, and we must continue to develop a diversified, economy and rural commodity production.

While accelerating the building of a material civilization, we must do a still better job in building a socialist spiritual civilization. We must seriously study the important directives of central leading comrades on correcting party style, take resolute actions, and crack down on major cases. While resolutely checking unhealthy tendencies and hitting hard at economic criminal activities, we must pay close attention to struggles in the ideological sphere. Leading cadres and organs at all levels must be models in correcting party style and work hard to bring a fundamental change for the better in party style.

In the new year, we will miss our Taiwan compatriots on the other side of the Taiwan Strait. Let us join hands and work together to bring an early end to the separation between Taiwan and Mainland China and to realize the reunification of the motherland. We welcome our compatriots in Taiwan, Hong Kong, Macao, and overseas to travel, visit relatives and friends, and promote trade and economic cooperation with the motherland.

I wish you success and prosperity in everything you do in the new year. Thank you.

DENG XIAOPING ORDER HONORS MARTYR IN JIANGSU

OW030538 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 2 Feb 86

[Excerpt] Entrusted by the Central Military Commission, the military district where former outstanding company leader (Fu Yongxian) belongs held a ceremony to posthumously confer an honorary title on (Fu) at a certain group army on 2 February.

The military district leader read out an order signed by Deng Xiaoping, chairman of the Central Military Commission, on 11 January conferring the honorary title for bravery on the good company leader. In accordance with the wish of Martyr (Fu Yongxian), his wife (Gao Zhifen) was decorated with the shiny medal for heroic models, class one. His wife was also presented with a congratulatory letter by the political department of the military district on issuance of the order by the Central Military Commission for (Fu Yongxian).

JIANGXI GET-TOGETHER MARKS SPRING FESTIVAL

OW110825 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 9 Feb 86

[Excerpts] The Jiangxi Provincial CPC Committee, provincial Advisory Commission, provincial People's Congress Standing Committee, provincial people's government, provincial CPCC Committee, and Jiangxi Military District held a joint get-together on 9 February morning to celebrate the Spring Festival and the province's achievements.

Some 800 persons joyfully gathered in a hall and exchanged holiday greetings with each other. They include Wan Shaofen, secretary of the Jiangxi Provincial CPC Committee; Liu Fangren, deputy secretary of the provincial CPC Committee, Ni Xiance, deputy secretary of the provincial CPC Committee and governor of Jiangxi, Xu Qin, deputy secretary of the provincial CPC Committee; Jiang Zhuping, Wang Zhaorong, Pei Dean, Wang Baotian, and Lu Xiuzhen, members of the Standing Committee of the provincial CPC Committee; Bai Dongcai, member of the Central Advisory Commission; Zhao Zhijian, member of the CPC Central Committee; Wang Tie, member of the Central Discipline Inspection Commission; Zhao Zengyi, chairman of the Jiangxi Provincial Advisory Commission, Di Sheng, Liu Zhonghou, and Wang Shixian, vice chairmen of the provincial Advisory Commission; Wang Shufeng, chairman of the provincial People's Congress Standing Committee; Wang Zemin, Zheng Xiaoxian, Liang Kaixuan, Huang Xiandu, Peng Shengxi, and Liu Bin, vice chairmen of the provincial People's Congress Standing Committee; Qian Jiaming, (Sun Xiyue), and (Chen Guisun), vice governors of Jiangxi; Fang Qian and (Xu Shaolin), advisers to the provincial people's government; Yang Yongfeng, Shen Hanqing, Lu Xiaopeng, Liu Jianhua, Lu Liang, Li Shangyuan, Wu Yongle, Wu Tiyu, Jin Liqiang, and Wu Yunzhong, vice chairmen of the provincial CPPCC Committee; Wang Guande, political commissar of the Jiangxi Military District; (Shen Zhongxiang), full-time deputy secretary [zhuan zhi fu shu ji] of the Discipline Inspection Commission of the Jiangxi Military District; (Yang Minxiong), deputy political commissar of the Nanchang Army School; (Li Aisun), secretary of the Nanchang City CPC Committee; and (Chen Andong), mayor of Nanchang City. Also present at the gathering were old Comrades Fang Zhichun, Pu Yutian, and Ma Jikong.

Liu Fangren, deputy secretary of the provincial CPC Committee, presided over the meeting. Ni Xiance, deputy secretary of the provincial CPC Committee and governor of Jiangxi, addressed the meeting.

WAN SHAOFEN, OTHERS VISIT COMRADES IN JIANGXI

OW112011 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 9 Feb 86

[Summary] Party and government leaders of Jiangxi Province and Nanchang City went to visit the people at the grass-roots level today to extend greetings to them and celebrate the Spring Festival with them. "They encouraged everyone they met to display the spirit of a tiger in the Year of the Tiger and make joint efforts to invigorate Jiangxi's economy.

"Wan Shofeng, secretary of the provincial party committee; Wang Baotian, member of the Standing Committee of the provincial party committee and commander of the provincial military district," and other comrades visited a unit of the Nanchang City bureau of power supply and other units in Nanchang, calling on the comrades working at their posts.

Wan Shaofeng told the workers on duty at the power supply bureau: "It is because of your diligent work that the people of the whole city are assured of electricity during the festival." Comrades Wan Shaofeng and Wang Baotian also visited workers operating city buses and trolleys.

"Ni Xiance, deputy secretary of the provincial party committee and governor; Oian Jiaming, vice governor" and others visited the Nanchang railway subbureau. They also extended greetings to the crew of a locomotive.

SHANDONG SECRETARY LIANG BUTING VISITS PREFECTURE

SK110411 Jinan Shandong Provincial Service in Mandarin 2300 GMT 9 Feb 86

[Text] At about 1500 on 6 February, Liang Buting, secretary of the provincial CPC Committee, arrived at (Shuzhuang) Village of (Shuangqiao) Township, Yuncheng County. He visited (Su Zhenyi), a specialized chicken raiser, and three other big households to inquire about their production, lives, income, and their plans for further sideline production. He also convened a forum to hear the opinions and requests of rural grass-roots cadres and to discuss with them future plans for achieving prosperity.

Many peasants said excitedly: Leading comrades of the provincial CPC Committee visited our village at the beginning of spring. We will take a greater step forward in achieving prosperity this year.

In this trip to the southwestern part of the province, Comrade Liang Buting set a good example in improving work styles. He went there by a van instead of a car, and was accompanied by only a very few necessary personnel instead of a large group of people. Major prefectural and county leaders accompanying him on the trip also rode in the same van with him instead of riding in different cars to form a motorcade. As proposed by Comrade Liang Buting, neither the prefecture nor the county had their leaders go to other prefectures or counties to welcome and send off Comrade Liang Buting and his party. As soon as they arrived at the Yuncheng County guesthouse, Comrade Liang Buting repeatedly asked Comrade (Yu Bohai), secretary of the Heze Prefectural CPC Committee, not to exceed the standards for meals when entertaining him. Shanxian County of Heze Prefecture was where the CPC Committee of the (Huxi) Prefecture was located in history. Comrade Liang Buting once fought and worked there for 4 to 5 years between 1940 and 1949. Because his trip there represented a return to a familiar place and it was the Spring Festival period, leading organs of the prefecture and the county wanted to hold dinner parties for Secretary Liang and his old comrades-in-arms. Secretary Liang declined them all. He said: A cup of tea shows deeper affection. We should have only four dishes and one soup or even ordinary noodles and millet gruel for each meal.

The cadres and people of Heze Prefecture and the counties said happily: Secretary Liang has brought with him a new work style.

RUI XINGWEN, JIANG ZEMIN AT SHANGHAI MEETING

OW071049 Shanghai City Service in Mandarin 0100 GMT 7 Feb 86

[Excerpts] The 1986 Army-people Spring Festival get-together in Shanghai Municipality was held at the Meiqi Theater on 6 February.

Leading comrades of the municipal party committee, the municipal People's Congress Standing Committee, the municipal government, and the municipal CPPCC Committee attended the meeting. They included Rui Xingwen, Jiang Zemin, Yang Di, Huang Ju, Wu Bangguo, Wang Jian, Wang Tao, Wu Ruonan, Zhu Zongbao, Li Zhaoji, Liu Zhenyuan, Ni Tianzeng, Ye Gongqi, Xie Lijuan, Wang Daohan, Li Guohao, Yang Shifa, Xu Yifang, Ye Shuhua, Tang Junyuan, Dong Yinchu, Wu Wenqi and Zhou Bi.

Also present were responsible persons of PLA units in Shanghai and the Shanghai Municipal People's Armed Police Corps, (Ba Zhongtan), Ping Changxi, (Liu Xinwen), (Liu Qingyong), (Xing Yichang), Wang Guanliang, (Wang Yan), Pan Qihuai, and Sui Xinhui.

SHANGHAI LEADERS AT LITERARY, ART GATHERING

OW112335 Shanghai City Service in Mandarin 1100 GMT 10 Feb 86

[Text] This afternoon, the Shanghai Municipal Federation of Literary and Art Circles held a gathering to greet in the spring at the Literary and Art Meeting Hall. Present on the occasion were 1,500 people, including leading comrades from the municipal CPC Committee and the municipal government Rui Xingwen, Jiang Zemin, Huang Ju, Chen Tiedi, and Liu Zhenyuan; deputy heads of the Propaganda Department of the municipal CPC Committee Pan Weiming and Ding Ximan; responsible persons from various literary and art associations; and noted personages from literary and art circles. Xia Zhengnong, president of the municipal federation of literary and art circles, presided over the gathering.

Comrades Rui Xingwen and Jiang Zemin delivered speeches. Both wished that in the new year the literary and art garden would have more splendid flowers and produce more and still better cultural works so as to win new success in helping build a socialist material and spiritual civilization.

ZHEJIANG LEADERS MAKE SPRING FESTIVAL VISITS

OW111415 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 9 Feb 86

[Excerpts] Leading comrades of Zhejiang Province and Hangzhou City visited factories, hospitals, stores, kindergartens, police stations, and teachers' families today to make cordial calls on workers and staff and police officers and men working at their posts and on outstanding teachers spending happy Spring Festival holidays at home to extend festive and cordial greetings to them.

Shortly after 0800, Comrades Wang Fang, Li Dexin, and Cui Jian arrived at the Hangzhou City post office where they watched postal workers and staff sort packages and letters and extended greetings and thanks to them. Comrade Wang Fang and the other leading comrades then went to the Hangzhou railway subbureau where they inquired about train operations during the festival and called on workers and staff busy at work in the dispatch office. Wang Fang and the other leading comrades also visited the home of (Li Changlong), principal of Tianchang Primary School and national outstanding education workers, to extend spring festival greetings to teacher Li's entire family.

Comrades Xue Ju, Yuan Fanglie, Chen Anyu, and Zhong Boxi went to the Wuling kindergarten where they called on (Wang Juqing), 77-year-old local private school teacher and national 8 March standard bearer and pacesetter. Chen Fawen, Wu Minda, Shen Zulun, Luo Dong, Shen Guifang, Tie Ying and other leading comrades also visited various grassroots-level units to extend Spring Festival greetings to comrades working at their production posts.

GUANGDONG LEADERS CALL ON XU XIANGQIAN

HK090814 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 8 Feb 86

[Text] This morning, You Taizhong, commander of the Guangzhou Military Region; Zhang Zhongxian, political commissar of the Guangzhou Military Region; Ye Xuanping, governor of Guangdong; and other party, government, and Army responsible comrades called on Marshal Xu Xiangqian, who happened to be in Guangzhou, wishing him a happy Spring Festival, excellent health, and longevity.

Guangzhou on the eve of the Lunar New Year's Day is sunny and beautifully decorated and green plants can be seen everywhere. At 0940, Comrade You Taizhong and others arrived at Marshal Xu's residence and happily wished the marshal a happy new year.

Marshal Xu, 85, is in excellent health and his face glows with health. He inquired cordially about Guangdong's economic development and offered suggestions on strengthening Army building in the new period.

On hearing that Guangzhou has a 106-years-old elderly citizen, Marshal Xu said cheerfully: Now, the country is prosperous and peaceful and the people have a longer life-span. I wish all of you longevity. Marshal Xu continued: You are now paying a new year call to me on behalf of the people of Guangdong and Guangzhou. I wish everyone a successful new year.

Among those who called on Marshal Xu today were Zhou Shizhong, former commander of the Wuhan Military Region; Liu Changyi, former deputy commander of the Guangzhou Military Region; Wang Ning, a responsible comrade of Guangdong; and Xu Shijie, a responsible comrade of Guangzhou City.

HAINAN CURBS INDISCRIMINATE PRICE HIKES

HK080553 Haikou Hainan Island Service in Mandarin 0400 GMT 7 Feb 86

[Text] In conjunction with party rectification, CPC committees and governments at all levels in our region have done well in curbing the indiscriminate hiking of prices, indiscriminate levying of charges, indiscriminate imposition of fines, and the indiscriminate apportioning of expenses. Over the past 4 months or so, they have scored initial achievements. According to statistics, the whole region checked 1,016 chaotic items which involved some 12.2 million yuan in violation of discipline, recovered some 3.79 million yuan and deposited it in the treasury, and returned to customers 2.53 million yuan which was the difference between the normal prices and the raised prices.

Since the regional CPC Committee and regional government made the decision on the elimination of disorder, CPC committees and governments at all levels have regarded this work as an aspect of party rectification and have grasped it. According to statistics, some 1,830 units were fined for indiscriminately levying charges and some 1,390 of them were consolidated, accounting for 76 percent of the total number of units. The burdens of the state, production units, and consumers can be reduced by some 9.7 million yuan a year.

In the course of eliminating disorder in Danxian County, every level has had people responsible for this work and the county has eliminated disorder by itself. Of some 120 items on which fines were imposed, 89 irrational items were cancelled and the standards of 21 items whose standards had been slightly too high were lowered. Some 600,000 yuan in violation of discipline was deposited in the treasury and some 310,000 yuan which had been the difference between the normal prices and raised prices was returned to customers.

CENTRAL LEADER VISITS HUNAN RADIO STATION

HK101422 Changsha Hunan Provincial Service in Mandarin 1100 GMT 6 Feb 86

[Text] This morning, Wang Shoudao, Standing Committee member of the Central Advisory Commission; (Ke Lan), council member of the Chinese Writers' Association and a well-known writer; and (Wang Wenqiu), a writer, visited the provincial radio station accompanied by leaders of the provincial radio and television department and the provincial radio station, including Yang Shibang, (Xiao Yanqiao), (Li Xinchuan), and (Wang Hai). They met the work groups who arrange the radio programs for listeners. They also had a group photo taken to mark the occasion.

Despite his age of 81, Comrade Wang Shoudao was energetic and walked with vigorous strides. He enthusiastically visited the recording studio, the broadcast studio, the control room, the support facilities room, and the stereo production room of the station. While visiting, he expressed many important opinions on propaganda through radio and television.

Old Wang said: Both radio and television are the means of modern propaganda, and their functions are very great. Therefore, we must further improve the quality of propaganda through radio and television. A person needs to watch television, listen to the radio, and read newspapers. Each of these has its own special characteristics and is unable to replace the others.

On literary and art programs, Old Wang said: Each provincial station must exchange its experience with others. This concerns the issues of reform, opening up, and invigoration. We must let the qualified personnel handle the work and produce more programs in regard to our daily life. In addition to the flower-drum opera, Hunan has its Kunqu opera and [words indistinct], which I also enjoy watching.

PARTY LEADERS CELEBRATE TIBETAN NEW YEAR

HK080401 Lhasa Xizang Regional Service in Mandarin 1130 GMT 6 Feb 86

[Text] The regional CPPCC held a tea party celebrating the Tibetan new year. At the party, Vice Chairmen of the regional CPPCC Pagbalha Geleg Namgyai, Samding Doje Pamo, Lhamin Soinam Lhunzhub, Jimzhong Gyaincain Puncog, Gaxoi Qiogyai Nyima, Lhalu Cewang Doje, Huokang Suoshu Bianba and Gongbasa Tudeng Jihe exchanged season greetings and hadas with the responsible party, government and military comrades, including Wu Jinghua, Raidi, Doje Cedan, Basang, Dangzin, Gyanincain Norbu, Shengqin Luosangjianzan, Langjie, Jiangzhong Zhaxiduoji, Gyamco, Gyibug Puncogcedain, Gong Daxi, (Zhang Xiaosong) and Gao Tangjin.

At the party, which was full of warm atmosphere, Pagbalha Geleg Namgyai, vice chairman of the regional CPPCC, delivered a congratulatory speech. On behalf of all members of the regional CPPCC and the whole staff of the regional CPPCC office, he extended season's greetings to participating leaders, comrades and friends; to the entire staff of PLA units and the armed police force attached to the region, who have made contributions in defending the southwest frontier of the motherland; to workers, peasants, intellectuals, cadres, all nationalities, religious figures and patriotic personages from various sectors. He also extended season's greetings to Tibetans living abroad.

Wu Jinghua, secretary of the regional CPC Committee, spoke at the tea party. On behalf of the regional CPC Committee, the regional Advisory Commission, the regional People's Congress, the regional government and the regional military district, he extended season's greetings to the participating comrades and friends. He wished them good health and a happy Tibetan new year.

Comrade Wu Jinghua said: At present, the situation in our socialist motherland is good. The central authorities have fully affirmed the enlarged meeting of the regional CPC Committee Standing Committee. They have also pinned hopes on us. We must live up to their faith by acting in the spirit of the enlarged meeting of the regional CPC Committee Standing Committee, and in implementing the plans of the regional CPC Committee. It is hoped that the region's party, government, military and masses will become united, disregarding nationality and religious beliefs, and make greater achievements and contributions for the happiness of Xizang's people. We should carry out our work in 1986 in a down-to-earth manner. Xizang will thus have bright prospects.

LI LIGONG SPEAKS AT SHANXI MILITIA WORK MEETING

HK100433 Taiyuan SHANXI RIBAO in Chinese 30 Jan 86 p 1

[Report by Li Xiangde and Wei Benli: "The Provincial Military District Holds a Meeting To Report to Party Secretaries at Provincial, Prefectural, and County Levels on Militia Work"]

[Text] The provincial military district held a meeting yesterday afternoon to report to party secretaries at the provincial, prefectural, and county levels on militia and reserve service work. The provincial military district expressed its determination to take the spirit of Central Document No 22 as its guiding principle, submit itself to and serve the overall situation concerning state economic construction, alleviate the people's burden, fundamentally strengthen the building of reserve forces, cut down on the size of the militia, pay close attention to major issues, lay a solid foundation, and create a new situation in Shanxi's militia and reserve service work.

Yu Hongli, commander of the provincial military district, presided over the meeting. Leading comrades of the provincial CPC Committee and government -- Li Ligong, Wang Senhao, Wu Dacai, Wang Maolin, and Zhang Weiqing -- were present.

Luo Jinghua, political commissar of the provincial military district, pointed out in his speech that the core members of the militia should be cut down by 55.9 percent, that training tasks of the militia and reserve forces should be reduced by 58.8 percent, and that the role of the militia in building spiritual and material civilization should be brought into full play. The militia should take the lead in studying and implementing the party's line, principles, and policies; in building spiritual civilization; in getting rich through hard work; in accomplishing urgent, difficult, dangerous, and arduous tasks; and in abiding by discipline and law. The militia should engage in production so as to provide for its military activities and contribute to the revitalization of the local economy. The building of training bases should be developed gradually in line with local conditions and according to local capacity. Existing training bases should be used comprehensively so as to enhance combat-readiness, attain better economic results, and improve social benefits. Those training bases under construction should be controlled with unnecessary construction projects being curtailed. It is necessary to reform political work for the militia and reserve forces and management of the militia's arms storage. The weapons should be stored and sealed up at the county level for safekeeping.

In his speech, secretary Li Ligong of the provincial CPC Committee emphasized the following: First, it is necessary to conscientiously implement the spirit of central document No 22 and strengthen militia and reserve service work in earnest. The guiding ideology for militia and reserve service work should be straightened out and the past state of combat or semi-combat readiness in militia and reserve service work should be switched to peaceful construction. We must make a careful study of the new conditions and solve the resultant new problems. We must strengthen leadership over militia and reserve service work. The people's armed forces at all localities should perform their functions and strive to create a new situation in Shanxi's militia and reserve service work. Second, it is necessary to do a good job in transferring leadership of the people's armed forces. It is a great turning point to delegate leadership of the people's armed forces to the locality. Leading cadres at all levels should enthusiastically support this work and, where conditions permit, help them solve their practical difficulties.

TAIWAN KMT SPY ARRESTED IN HEILONGJIANG PROVINCE

SK060434 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 5 Feb 86

[Text] The Harbin City State Security Bureau recently cracked a case regarding a Taiwan KMT spy. The spy, (Zhang Wenzuo), has already been arrested according to law.

(Zhang Wenzuo), male, age 41, and a college graduate, served as deputy chief of a section of the Heilongjiang Provincial Industrial and Commercial Administration Bureau before he was arrested. In May 1983 a member of the Taiwan KMT spy organization stationed in Hong Kong got in touch with (Zhang Wenzuo) under the pretext of being his relative, instigated him to join the KMT spy organization, gave him an alias, decided on communication and liaison methods and addresses, and arranged for activities and tasks. Under the instigation of the KMT and the temptation of money, (Zhang Wenzuo) joined the spy organization, reported and sent political and economic information to the KMT spy organization on several occasions, and accepted espionage funds and a large number of articles from the KMT spy organization.

PRIORITY GIVEN TO MILITARY WORK IN HEILONGJIANG

OW080636 Beijing XINHUA Domestic Service in Chinese 0255 GMT 8 Feb 86

[By correspondents Zhang Baoyin and Lu Jingliang]

[Excerpts] Harbin, 8 Feb (XINHUA) -- Preparations have been basically completed in more than 100 counties and districts in Heilongjiang Province in subordinating the people's armed forces departments to the local authorities.

The party organizations and local governments at all levels in Heilongjiang have actively supported the PLA units in streamlining and reorganizing themselves and have considered the plan to subordinate the people's armed forces departments to the local authorities an important task on their daily agenda. The principal leading cadres of the party organizations and local governments paid personal attention to this task. The provincial CPC Committee held a special enlarged Standing Committee session to hear reports delivered by the provincial military district. Together with the provincial military district, it held a meeting in 1985 which was attended by the first political commissars of the various prefectural, city, and county people's armed forces departments to study and solve some of the existing issues in the course of subordinating the people's armed forces departments to the local authorities.

The provincial CPC Committee paid full attention to helping people's armed forces departments overcome some actual difficulties. The provincial CPC Committee had pointed out: No unit is allowed to occupy the barracks of the people's armed forces on any pretext. Effective measures must be adopted on a priority basis to help the cadres of the people's armed forces solve their actual housing problems, find jobs for their dependents, and seek school admission for their children.

SUN WEIBEN VISITS HEILONGJIANG TEACHERS

SK100005 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 7 Feb 86

[Text] Prior to Spring Festival, leading comrades of the provincial CPC Committee, the provincial people's government, and the provincial Advisory Commission visited teachers of a number of higher educational institutions and middle and primary schools in Harbin City to extend cordial regard and festive greetings to them. They also extended festive greetings on this occasion to the educational workers throughout the province.

From 4 to 7 February, comrades, including Sun Weiben, Chen Lei, Hou Jie, Li Genshen, Chen Yunlin, Liu Chengguo, Zhou Wenhua, Wang Yusheng, Wang Yachen, Zhu Dianming, Bai Jingfu, Li He, Huang Feng, Wang Lianzheng, An Zhendong, He Shoulun, Liu Zhongli, Jing bowen, and Du Xianzhong, respectively visited 19 schools including the Harbin Engineering University, the Heilongjiang University, the provincial police school, the provincial electrician school, the middle school subordinate to the Harbin Teacher's University, and the Nanmalu primary school of Harbin City, to extend their festive greetings to more than 60 college, middle, and primary school teachers including Professor (Ma Zuguang), provincial special-class labor model and model party member, and (Ma Xiru), national noted home-class teacher and provincial model teacher. During their visits, the provincial leading comrades inquired about their conditions of work, livelihood, and health and expressed appreciation for their contributions to training a large number of talented personnel for the program of building the four modernizations. They also expressed that efforts should be made to assist the departments concerned to resolutely deal with the practical problems encountered by the teachers.

Accompanying the leading comrades during their visits were the leading persons of the propaganda department under the provincial CPC Committee and the provincial education commission.

HEILONGJIANG SECRETARY AT PARTY FOR ARMYMEN

SK060442 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 5 Feb 86

[Text] On the morning of 5 February, provincial-level old Red Army soldiers and retired cadres happily attended a tea party to celebrate the 1986 Spring Festival. The tea party was presided over by Li He, Standing Committee member of the provincial CPC Committee and director of the Organization Department.

On behalf of the provincial CPC Committee and the provincial government, Sun Weiben, secretary of the provincial CPC Committee, extended festive greetings and intimate regards to the old Red Army soldiers and retired cadres. He hoped that from now on the retired cadres would give energetic support and assistance to the work of the provincial CPC Committee and the provincial government, and devote their remaining years to the fulfillment of the province's Seventh 5-Year Plan.

Present at the tea party were Li Lian, former secretary of the provincial CPC Committee; provincial party and government leaders, including Hou Jie, Chen Lei, Li Jianbai, Wang Zhao, and Wang Fei; and retired cadres, including Wang Yilun, Zhao Dezun, and Chen Jianfei.

JILIN SECRETARY SPEAKS AT CPPCC PARTY

SK050749 Changchun Jilin Provincial Service in Mandarin 1030 GMT 4 Feb 86

[Text] On the afternoon of 4 February, at the auditorium of the office of the provincial CPPCC Committee, the provincial CPPCC Committee held a tea party with the participation of the personages of all circles to warmly celebrate the Spring Festival. More than 200 people, including the leading comrades of the provincial party and government and representatives of personages of all circles in Changchun, happily got together, each with a cup of tea, to relive comradeship and to celebrate the Spring Festival of 1986.

Liu Jingzhi, chairman of the provincial CPPCC Committee, presided over the tea party. On behalf of the provincial CPC Committee, Comrade Gao Di, secretary of the provincial CPC Committee, first of all, extended festive greetings to the comrades present at the tea party and the personages of all democratic parties, federations of industry and commerce, and all circles across the province; and wished them the best of health and happiness to all their families.

He said: With the concerted efforts of the people of all nationalities and personages of all circles across the province, we successfully passed the abnormal year of 1985 by conquering the serious flood disasters. In the new year, we must indomitably exert great efforts to grasp industrial and agricultural production, to achieve the straightening out of party style and the spiritual civilization, and to promote the work in all fields in a down-to-earth manner. Simultaneously, he urged the personages of all circles across the province to make more efforts to supervise and support and to give more suggestions on the work of the provincial CPC Committee, and to work together with the provincial CPC Committee to improve the work of Jilin Province.

Respectively giving speeches at the tea party were representatives of all democratic parties, the Federation of Industry and Commerce, the Federation of Returned Overseas Chinese, and the Fellowship Association of Taiwan Compatriots, and representatives of nonparty personages, including Cheng Shengsan, Geng Yuelun, Guang Mengjue, Luo Yuejia, Zhu Jinghang, Cai Qiyun, (Chen Jingsong), (Yan Hongchen), and (Zhang Zuomei). They respectively expressed that in the new year they would devote themselves to the reform in the spirit of the foolish old man removing the mountains, be friends of the party who would not hesitate to give advice, and make suggestions on and contributions to rejuvenating Jilin.

Wang Daren, chairman of the provincial Advisory Commission; and Zhang Kaijing, retired veteran cadre, also delivered speeches at the tea party. Also attending the tea party were leading comrades of the provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress, the provincial government, the provincial CPPCC Committee, and the provincial Discipline Inspection Commission, including Wang Xianjin, Gao Dezhan, Wang Zhongyu, Zhao Xiu, Zhang Shiyong, Liu Yunzhao, Huo Mingguang, Liu Cikai, Wu Duo, Wang Jiren, Yu Ruihuang, Renqinzhamsu, Xu Yuancun, Gao Wen, Liu Shulin, Wang Jinshan, Zhang Fengqi, He Yunqing, Xin Cheng, and Jin Minghan; and retired veteran cadres, including Li Diping, Yu Lin, Yu Ke, Che Minqiao, and Wang Guanchao.

Various interesting music and other performances were presented at the tea party.

RETIRED CADRES ATTEND JILIN GET-TOGETHER

SK040251 Changchun Jilin Provincial Service in Mandarin 1030 GMT 3 Feb 86

[Excerpt] This morning the recreation center for the provincial-level veteran cadres was decorated with lanterns and colored streamers and was filled with laughter and a happy festive atmosphere. Some 200 retired veteran cadres came here joyfully to attend the Spring Festival get-together for retired cadres of the provincial-level organs jointly held by the Organization Department of the provincial CPC Committee and the provincial Veteran Cadres' Bureau.

Attending the Spring Festival get-together were leading comrades of the provincial CPC Committee, including Gao Di, Wang Xianjin, Gao Dezhan, and Wang Zhongyu; Zhang Shiyong from the provincial Advisory Commission; Comrades Zhao Xiu and (Ge Mingzhong) from the provincial People's Congress; Comrades Gao Wen, Liu Shulin, and Wang Jinshan from the provincial government; Comrades Liu Jingzhi and Zhang Fengqi from the provincial CPPCC Committee; and Comrade (Zhao Yongji) from the provincial Discipline Inspection Commission, as well as other leading comrades of the provincial CPC Committee.

LI GUIXIAN AT LIAONING SPRING FESTIVAL SOIREE

SK070312 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 6 Feb 86

[Text] Liaoning Province, Shenyang City, and the Shenyang Military Region held Army-civilian soirees on the occasion of the 1986 Spring Festival in eight places, including the Liaoning People's Theater and the Nanhu Theater in Shenyang City.

Attending the soirees to happily celebrate the Spring Festival together were leading comrades from the military region and the provincial and Shenyang City party and government organs, including Li Guixian, Li Changchun, Dai Suli, Zhang Zhengde, Xu Shaofu, Zhu Dunfa, Song Keda, and Cao Shuangming; Guo Feng, member of the Central Advisory Commission, Li Tao, member of the Central Discipline Inspection Commission; and more than 10,000 of the masses from various social circles and PLA fighters and commanders.

At the soirees, films including "Our Retired Armyman" were shown.

LIAONING MAKES PROGRESS IN CRACKING ECONOMIC CRIMES

SK061122 Shenyang LIAONING RIBAO in Chinese 23 Jan 86 p 1

[Excerpts] Recently, the cities of Shenyang, Dalian, Jinzhou, Liaoyang, Fuxin, and Tieling have successively held rallies on dealing strict blows to economic crimes. The various city intermediate people's courts have conducted open trials of a group of serious economic criminals in accordance with the law. This has dealt a strong blow to the economic criminals, educated the broad masses of cadres and the people, and safeguarded the smooth progress in reform and the four modernizations. The broad masses of people applauded and cheered this.

Recently, some economic criminals have taken advantage of the opportunities of opening to the outside world and invigorating the domestic economy to desperately disrupt reform, the practice of opening to the outside world and invigorating the economy, and the four modernizations construction. The number of major cases has increased greatly. In 1985, we had 502 major cases on file, each of which involved more than 10,000 yuan. Of these cases, 67 were appalling cases each of which involved more than 50,000 yuan, showing an increase of 11.6 times over 1984.

One of the prominent features of the major economic crimes is that the number of cases involving swindling has increased remarkably. The swindlers usually raise the banner of opening to the outside world and invigorating the economy to exploit the advantages of reform by all means and to make use of the legal economic activities to engage in speculation, swindling, and bludding, and other illegitimate and criminal activities. In 1985, the province as a whole has put on file 1,139 cases involving speculation and swindling, an increase of 42.7 percent over 1984. Of this number, 55 were cases each of which involved more than 50,000 yuan, showing an increase of 17.3 times over 1984.

At present, the work of investigating and handling the major economic criminal cases has aroused the great attention of the CPC committees at all levels. They have persisted in grasping the policy of opening to the outside world and invigorating the economy on the one hand, and decided to advance on the crest of a victory, to eliminate the evil and to deepen the struggle against economic crimes.

GANSU PARTY COMMITTEE TO LEAD RECTIFICATION

HK110429 Lanzhou GANSU RIBAO in Chinese 28 Jan 86 p 1

[Report by correspondents Li Zhiyong and Yang Zhanhong: "Leading Members of the Party Committee of the Lanzhou Military Region Are Determined To Take the Lead in Rectifying Party Style"]

[Text] Members of the Lanzhou Military Region party committee have indicated that they will not stand on the sidelines in rectifying party style. They will adhere to the principle of "taking the lead" and set a good example for Army units.

The military region party committee had 6 days of meetings of its Standing Committee and committee members to study and discuss speeches made by Hu Yaobang, Yang Shangkun, and other leading comrades of the central authorities and the Central Military Commission at meetings of cadres of the central organs. In formulating the "decision on effecting a fundamental change for the better of party style of all units of the region this year," the party committee has stressed doing a good job in improving the party style of leading cadres and has demanded that leading cadres consciously "take the lead in three aspects": enhancing education on party spirit, strictly observing party discipline, and struggling against actions harmful to the interests of the party and the people. They should become "surveyor poles" in rectifying party style and should safeguard party style and party discipline with their actions. In future, decisions on using personnel must be made by the collective according to the party's organizational principles.

Leading cadres shall not involve themselves in arranging jobs for their children, relatives, friends, or those who work around them. In holding meetings or receptions for leading cadres and officials from departments at higher levels, no extravagance or waste, eating and drinking extravagantly, or presenting gifts shall be permitted. In making business trips or trips to sanitoriums, cadres shall not make detours for sightseeing and shall not have a greater number in their entourage than as stipulated. While making a trip, leading comrades of the military region shall not allow their subordinates to meet them or to send them off at railway stations or airports. Leading cadres shall not seek personal gain through fraud, seek undeserved reputations, or play tricks and pay lip service to get awards. They should take the lead in upholding principles and dare to stop wrongdoing. The military region party committee is determined to handle all problems where personal gain has been sought through abuse of power. It will not perform its duties in a perfunctory manner or turn big problems into small ones, or small problems into no problems. Leading comrades of the party committee will personally handle major, important cases and support discipline inspection personnel so that everything concerning those cases will come to light. In the past 10 days or so, the Discipline Inspection Commission of the military region has been diligently investigating 17 cases of illegal business, corruption, taking advantage of the reduction-in-strength reorganization to promote large numbers of cadres, theft, and other crimes.

LI ZIQI ATTENDS GANSU SPRING FESTIVAL TEA PARTY

HK080603 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 6 Feb 86

[Text] The provincial CPPCC Committee, United Front Work Department of the provincial CPC Committee, provincial Nationality Affairs Committee, and provincial Religious Affairs Committee held a Spring Festival tea party this morning in the great hall of the (Ningwozhuang) Guesthouse in Lanzhou. Some 400 well-known people from all nationalities, various circles, and all quarters, and representatives of the intellectuals on all fronts happily gathered under the same roof to greet the joyous Spring Festival.

Attending the Spring Festival tea party were leading comrades of the provincial CPC Committee, provincial Advisory Committee, provincial People's Congress, provincial government, and provincial CPPCC Committee, including Li Ziqi, Chen Guangyi, Wang Bingxiang, Liu Bing, Yang Zhilin, Li Keru, Ge Shiyang, Chen Zhi, Wu Jian, Liu Lanting, He Jianshan, Xing Anmin, Ma Pilie, Yang Fuxing, (Zhou Yueshi), (Wen Xuanyu), Huang Zhengqing, Wang Shijie, Lu Zhongliang, Yan Shutang, Ma Zhongyong, Zhu Xuanren, (Gonghanchang Danbeiwangxu), and (Xu Shiwen).

On behalf of the leaders of the provincial party and government, Li Ziqi, secretary of the provincial CPC Committee, extended festive greetings to the comrades attending the tea party. Comrade Li Ziqi said: In the past year, people of all nationalities, various circles, and all quarters did a lot of work to build the two civilizations in our province and scored great achievements. At present, correcting party style is an urgent task confronting us. It is hoped that you will actively put forward valuable views and suggestions and make new contributions toward correcting party style, changing the general mood of society, and further invigorating Gansu's economy.

Many responsible persons of all democratic parties and mass organizations, nonparty democratic figures, and people from religious circles attending the Spring Festival tea party spoke, declaring that they would set an example in changing the general mood of society and give play to their specialties and good points to serve reform, opening to the outside world, and invigorating the domestic economy. They would especially attach importance to the economic development in the old liberated areas, areas of minority nationalities, border areas, and poor areas so that these areas can be provided with information and can import technology and introduce qualified personnel.

GANSU TO INCREASE URBAN RESIDENTS GRAIN RATION

HK080537 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 6 Feb 86

[Text] To carry out the State Council's order on unified rationing in our country and to make it easy for statistical work and for the masses to purchase grain, the Provincial Government recently decided that beginning 2 April this year, the grain ration of an urban resident in our province should be increased from the 13.75 kilograms per month at present to 14 kilograms.

NINGXIA TO PROMOTE, ENHANCE GRAIN PRODUCTION

HK101300 Yinchuan NINGXIA RIBAO in Chinese 29 Jan 86 p 1

[Report: "Li Xuezhi Announces: Ningxia Regional CPC Committee and Government Decide To Adopt Eight Policy Measures to Protect and Mobilize the Peasants' Initiative in Growing and Selling Grain"]

[Text] The regional rural work conference has been in progress in Yinchuan since 25 January. At a general meeting on 28 January, Li Xuezhi, secretary of the regional CPC Committee, announced that in order to protect and mobilize the peasants' initiative in growing and selling grain and further promote grain production, the regional CPC Committee and people's government have decided to adopt the following eight policy measures:

1. Improve and perfect the system of fixed quota purchases of grain on a contract basis. The quantity of grain thus purchased by the whole region has been reduced from 700 million jin last year to 450 million jin. It is planned to purchase another 400 million jin on a negotiated basis, but this will not be assigned as mandatory tasks to prefectures, cities, and counties. In the future, it will be arranged in light of the grain harvest situation.

2. Provide the peasant households which have signed contracts on selling grain with a certain amount of fine-quality chemical fertilizer at the state market price or at a preferential price lower than the state price. These peasant households also have priority to get loans from the state.
3. Appropriately lower the selling prices of small chemical fertilizers so as to reduce the cost of grain production.
4. Increase investment in agricultural capital construction. The investment in agricultural capital construction by the regional finance department will be gradually restored to the level of 1983 (of which the investment in water conservancy construction will be restored to the level of 1980). All cities and counties are also required to increase their agricultural investment.
5. "Supplement agriculture with industry." Beginning this year, the autonomous region will use more than 50 percent of funds obtained from the increase in levying income taxes and industrial and commercial taxes on town and township enterprises to help develop agriculture, mainly to subsidize grain production. Bonus tax will also be used in agriculture. The town and township enterprises will use at least 50 percent of the profits they have turned over to township and village authorities in agricultural capital construction and public facilities.
6. Effectively lighten the burdens of peasants engaged in agricultural production. It is necessary to improve the method of overall arrangement of expenses and collective retention of funds so as to gradually solve the problem of the great disparity between the peasants engaged in agricultural production and those engaged in industrial production and commercial activities.
7. On the premise of the production on dry land not being affected, actively reclaim new rice fields on uncultivated saline-alkali and low-lying land, so as to promote rice production. Whenever one mu of wasteland is reclaimed, the state will lend the person who reclaims the land 40 yuan, which can be paid off over 4 years. The state plans to allot 2 million yuan for this purpose, two-thirds of which will be allotted by the autonomous region. The rest will be allotted by the agricultural reclamation bureaus of various prefectures, cities, and counties. If conditions allow, more funds will be allotted. In this way, some 250,000 mu of new rice fields will be reclaimed in 5 years.
8. Continuously and vigorously promote the capital construction of water conservancy works. This spring, it is necessary to do a good job in repairing water conservancy works. The construction of the Guhai pumping project should be completed and put into production this year, and preparations should be made for the construction of the first phase of the Yanchi-Dingbian-Huanxian pumping project.

NINGXIA URGES SEPARATED MILITARY CADRES TO REMAIN

HK080611 Yinchuan NINGXIA RIBAO in Chinese 29 Jan 26 p 1

[Report by Fan Wei and Wei Zhaoqing: "Party Committees and Governments at All Levels in Ningxia Should Do a Good Job of Persuading Discharged Cadres of the People's Armed Forces to Stay and Work in Ningxia"]

[Text] Party committees and governments at all levels in our region have conscientiously performed ideological work among cadres of the people's armed forces and actively taken measures to persuade the cadres of the people's armed forces to stay in Ningxia and contribute to the development of Ningxia Autonomous Region after they are transferred to civilian work.

The regional CPC Committee and people's government have paid great attention to the important policy of putting the people's armed forces department at the county level under the control of the local people's government. Li Xuezhi, secretary of the regional CPC Committee, Hei Boli, chairman of the regional people's government, and responsible comrades of the relevant departments have twice listened to the report from the Ningxia Military District on the work of reconstructing the people's armed forces. They have outlined clear requirements on how to prepare for the reconstruction work. They have also issued special documents on the work and made arrangements for carrying out the work of reconstructing the people's armed forces. They have stressed that CPC committees and people's governments at various levels should treasure the enthusiasm of the cadres of the people's armed forces, who deeply love the motherland and the big northwest, and welcome the cadres of the people's armed forces to stay in Ningxia and contribute to Ningxia's construction.

The Shizuishan City CPC Committee, the Yinchuan City CPC Committee, the Guyuan administrative office, and the Yinnan administrative office have respectively held discussions on how to do this work well and how to cooperate with the Army to do the work of reconstructing the people's armed forces well. The Shizuishan City CPC Committee has also carried out various kinds of activities to express gratitude to the cadres of the people's armed forces, held symposiums in the people's armed forces department, talked with the cadres, even visited the cadres' homes and tried to help those cadres who are willing to stay and work in Ningxia overcome some difficulties, such as their housing problem, employment for family members of the cadres, education of their children, and so on. Hu Weixin, former secretary of the Qingtongxix City, has been to the people's armed forces department three times to give reports on the regional situation, the industrial and agricultural development of the region, and the good prospects of the region. They have allocated 170,000 yuan to help the people's armed forces department build dormitories for the cadres of the people's armed forces and find jobs for family members of four cadres of the people's armed forces. The leaders of Shihuijing district of the Helan mountainous area have also expressed a willingness to find jobs at any time for family members of the cadres of the people's armed forces who are willing to be transferred to local civilian work, so long as their family members have jobs at present and are willing to be transferred to the area. If their family members do not live with the Army, the district can also try to properly resettle them in the district according to their respective situations. For example, Qiao Hongru, chief of the logistics section of the people's armed forces department of Xiji County, had originally planned to go back to Shaanxi, his native place. But after Wang Hunshan, former secretary of the Xiji County CPC Committee, talked with him and persuaded him to remain in the county, he was deeply moved and agreed to settle down in Xiji County to help with work relating to the people's armed forces in the county.

CPC committees and people's governments at all levels in our region are sincere and warm in persuading the cadres of the people's armed forces, who are to be transferred to civilian work, to stay in the region and contribute to regional construction. All this has deeply moved and encouraged all the cadres of the people's armed forces in the region. Many of them have said that they will not be unworthy of the profound love of the people of the whole region, and will settle down in Ningxia and do a good job in work relating to the people's armed forces.

SHAANXI AUDITORS RECOVER MISAPPROPRIATED FUNDS

HK070839 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 3 Feb 86

[Text] The province's auditing organs at various levels have fulfilled their role of economic supervision. Over the past two years they have recovered 267.68 million yuan of misappropriated funds, such as retaining funds targeted to the state and bonuses and payment in kind which were arbitrarily given.

The province's auditing organs were founded in 1984. In 2 years, they have totally examined the financial situation of over 3,000 enterprises and institutions. They have discovered that some units have violated financial discipline and committed serious crimes.

In 1984, the province's education sector misappropriated 10.3 million yuan of educational funds. In Xian City, the paint company made a profit of 2.2 million yuan by speculating on the state's low-priced paints.

Stressing focal points, the organs also examined the problem of some units abusing power and arbitrarily giving money and payment in kind under the pretext of reforms. They eventually recovered 20.47 million yuan misappropriated for bonuses, allowances, and making clothes. At the Heyang County epidemic prevention station, which only employs 30 workers, the total number of suits made was 215, or six suits for each worker, involving a total sum of 10,770 yuan.

The organs also examined and conducted education about loans granted by the province's industrial and commercial banks since 1979. They found out that some loans were not used in accordance with the regulations, or that the loans were not used in a way that brings great economic results. These issues have been handled and corrected.

XINJIANG'S SONG HANLIANG SPEAKS AT CONFERENCE

HK070435 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 3 Feb 86

[Excerpts] In his speech delivered at a recent conference held by the regional CPC Committee on rural work, Comrade Song Hanliang, secretary of the regional CPC Committee, pointed out that a new situation has now appeared in the region's rural economy. Our achievements are mainly due to reform. To further develop the region's rural work in the future, it is also necessary to rely on reform.

Comrade Song Hanliang said that this year the focus of the region's rural work, just as for that of the whole country, is to further consolidate, digest, supplement, and improve the current reform; to preserve the good and remove the bad; to solve prominent problems; and to give full play to the overall effect of policies. Put it more specifically, it is necessary to grasp the following tasks.

1. It is necessary to further dredge circulation channels so that agricultural and sideline products can circulate more smoothly.
2. It is necessary to further improve the price system.
3. It is necessary further perfect contracts on purchase of cotton and grain.
4. It is necessary to establish and perfect local cooperative economic organizations in rural and pastoral areas and to further perfect the dual-level business system with a combination of centralized and decentralized operations.

XINJIANG: SONG HANLIANG DISCUSSES AIDING POOR

HK050233 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 4 Feb 86

[Excerpts] Regional CPC Committee Secretary Song Hanliang proposed in his speech to the recent regional rural work conference a number of measures for helping poor areas to extricate themselves from poverty. He demanded that party committees and government at all levels grasp support for poor areas as a political task and switch from providing relief to aiding production.

He stressed the following points:

1. Send by rotation a number of young cadres from the regional, prefectural, and city organs to strengthen work in poor areas.
2. Practice still more flexible and open policies for the poor areas, such as appropriately reducing or waiving taxes.
3. Provide support in production. In particular, it is necessary to help them turn their strong-point products into commodities. They should be looked after as much as possible in the supply of production materials. Their grain procurement quotas can be appropriately reduced.
4. Large state-owned factories, mines, and other enterprises should take responsibility for supporting local poor areas.

SONG HANLIANG CELEBRATES XINJIANG SPRING FESTIVAL

HK120733 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 9 Feb 86

[Excerpts] Today is the first day of the lunar year, the traditional Spring Festival of the Chinese people. The regional CPC Committee and people's government arranged a cadre gathering at the people's hall this morning to mark the festival. Over 2,000 cadres of department and bureau level and retired old cadres happily gathered under the same roof to celebrate the Spring Festival of 1986.

Present on the occasion were Song Hanliang, Wang Enmao, Tomur Dawamat, Janabil, Li Shoushan, Amudun Niyaz, Zhang Sixue, Bai Chengming, Qi Guo, Tuerxun Atawula, Wang Zhenwen, (Xu Zhen), Li Jiayu, Huang Baozhang, (Ismail Yassenlufu), (Peng Guangcai), (Chen Shi), and other responsible comrades of the regional party, government and military organizations, the regional CPPCC and the Xinjiang Production and Construction Corps.

At the gathering, Song Hanliang, secretary of the regional CPC Committee, delivered an ebullient speech. He said: At the moment of getting rid of the old and making way for the new, on behalf of the regional CPC Committee and people's government, I extend the warmest festival greetings and the best regards to workers, peasants, herdsmen, intellectuals, and cadres of all nationalities, workers of the Xinjiang Production and Construction Corps, and PLA units stationed in Xinjiang, all officers and men of the People's Armed Police Force, who fought bravely on different fronts in the region during the past year and made contributions to the great cause of building and defending the border areas, as well as to patriotic and democratic personages of all walks of life and all nationalities. I extend my highest respects to the PLA officers and men of Xinjiang origin fighting in the forefront at Laoshan and wish them a happy new year and successful victories for the motherland. I express heartfelt thanks and pay high tribute to all comrades standing fast at their posts during the Spring Festival, and I extend cordial festival greetings to all retired old comrades and wish them good health, a long life, and a peaceful old age.

Comrade Song Hanliang also said: This year is the first year of the Seventh 5-Year Plan. We must concentrate our efforts on economic construction, and at the same time, we must make a success of reform in various fields; promote the building of a socialist society that is advanced culturally and ideologically; cement the unity of our various nationalities; and work hard to improve party conduct. Provided we carry forward the spirit of the foolish old man who removed the mountains and work hard with one heart and one mind, a scene of bustling activity will certainly appear in the region's four modernizations and a picture of prosperity will surely emerge in our different undertakings.

In the afternoon, Song Hanliang, Wang Enmao, Tomur Dawamat, and other leading comrades of the regional CPC Committee and people's government paid new year calls to some workers, peasants, teachers and retired cadres in the Urumqi area. They wished them happy new year and good health and encouraged them to make greater contributions to the building of the region's two civilizations in the new year.

XINJIANG LEADERS ATTEND NEW YEAR GATHERING

HK090205 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 5 Feb 86

[Excerpts] The regional people's government, the Xinjiang Military District, and the Urumqi City people's government jointly held grand gatherings this afternoon at the people's theater and 10 other theaters to mark the Spring Festival. Some 15,000 army men and people of various nationalities met happily to greet 1986's Spring Festival.

Leaders of the regional party, government, army, and CPPCC committee and of Xinjiang Production and Construction Corps -- Song Hanliang, Wang Enmao, Tomur Dawamat, Janabil, Amudong Niyazi, Tan Guangcai, Ismail Yashengnuofu, and Chen Shi -- attended the gatherings along with workers, peasants, administrative organ personnel, scientific and technological personnel, teachers of various nationalities, people from religious circles, Hong Kong, Macao, and Taiwan compatriots, and foreign specialists in Urumqi.

The gathering was presided over by Ismail Maikeshuti, mayor of Urumqi City. Amudong Niyazi, deputy secretary of the regional CPC Committee and chairman of the regional People's Congress Standing Committee, spoke at the gathering. He extended season's greetings and best regards to representatives of various nationalities from all circles and the people of various nationalities in Xinjiang.

Amudong Niyazi said the PLA stationed in Xinjiang is a long-tested army which serves the people of various nationalities in border areas heart and soul, and has made great contributions in developing building, and defending the border areas. The people of various nationalities in Xinjiang will never forget this.

In his speech, Tan Guangcai, political commissar of the Xinjiang Military District, said that over the past year CPC committees and governments at all levels and people of various nationalities in the region showed political concern for the military district and the armed forces, supported their work, and gave preferential treatment to them in goods supply, so that the military district and armed forces could successfully fulfill all tasks. Tan Guangcai also said that in the new year it is necessary to further educate the armed forces about unity of nationalities, about being revolutionary army men with lofty ideals, good morality, knowledge and good health, about the three ardent loves, and about the inseparable relations between Han and minority nationalities. The military district and armed forces must vigorously support economic construction in the region and contribute to developing and building Xinjiang, making Xinjiang prosperous and powerful, and making people of various nationalities rich.

XINJIANG'S SONG AT OVERSEAS CHINESE PARTY

HK080551 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 3 Feb 86

[Text] More than 200 returned Overseas Chinese and family members of Overseas Chinese in the Urumqi area held a get-together at the Huaqiao Hotel this afternoon to greet the 1986 Spring Festival. Song Hanliang, secretary of the regional CPC committee; Jin Yuanhui, vice chairman of the regional government; some Hong Kong and Taiwan compatriots; and some Overseas Chinese and foreign nationals of Chinese descent now touring or visiting their relatives in Urumqi were invited to the get-together.

On behalf of the regional CPC Committee and people's government, Song Hanliang extended season's greetings and best wishes to the returned Overseas Chinese and family members of Overseas Chinese. Song Hanliang said that returned Overseas Chinese and family members of Overseas Chinese are an important force in the region's four modernizations drive. They have various links to the outside world. Xinjiang-origin Overseas Chinese or foreign nationals have economic, scientific, and technological advantages. We can strengthen ties with them through returned Overseas Chinese or family members of Overseas Chinese in our region and bring in funds, equipment, technology, and talented people to develop and build Xinjiang.

Song Hanliang expressed the hope that returned Overseas Chinese and family members of Overseas Chinese of various nationalities would study still harder, reach political unanimity with the CPC Central Committee, uphold the four basic principles, conscientiously safeguard unity between nationalities, give full play to their strong points and superiorities, and make contributions to promoting the four modernizations, to reunifying the motherland, and to safeguarding world peace.

Theatrical workers from the Xinjiang ensemble and the acrobatic troupe of the Xinjiang Production and Construction Corps performed at the get-together.

WANG ENMAO ADDRESSES XINJIANG LITERARY FORUM

HK090209 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 5 Feb 86

[Excerpts] The Xinjiang Military District held a forum today on literary works with a military theme. Wang Enmao and other leading comrades of the military district attended the forum and delivered speeches. In his speech, Comrade Wang Enmao stressed that in creating literary works we must adhere to Mao Zedong's thoughts on literature and art and the orientation of serving the people and socialism, and serve the people of various nationalities in Xinjiang. Comrade Wang Enmao encouraged writers to plunge into a fervent life, write more good works characterized with Xinjiang style, imbue Xinjiang's military literary works with patriotism, and contribute to building socialist spiritual civilization.

PRC OFFICIAL SEES CHANGING ATTITUDES IN TAIWAN

HK080541 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 5, 3 Feb 86 pp 18-19

[Article by Li Jiaquan, deputy director and research fellow of the Research Center on Taiwan under the Academy of Sciences of China: "The 'One Country, Two Systems' Policy and the Interests of the Taiwan People"]

[Excerpts] I know some scholars and friends of Taiwan origin now living abroad. I have participated with them in some academic symposia. I have also read many articles by scholars of Taiwan origin as well as nonparty personalities from Taiwan. Some of them are rather doubtful about the CPC proposal of "one country, two systems," feeling that the concept does not necessarily conform to the interests of the Taiwan people.

I have thought about it for a long time. What really are the interests of the Taiwan people? This is a very broad question. If it is dealt with in a general manner it will fade away, being too abstract and not easily understood. At the present, the most fundamental interest of the Taiwan people should be that of maintaining the continuous stability and prosperity of Taiwan's economy. Nothing is more important than that. Realizing this target is precisely what we want to discuss.

To my mind, if the "one country, two systems" concept is turned against the interests of the Taiwan people, and if some practices counter to it are adopted, resulting a failure of reconciliation between the two shores of the Taiwan Strait it will only result in an intensifying of the contradiction. It will only lead to more confrontation and opposition among the two parties, greater political unrest in Taiwan, and a stricter implementation of the martial law. Thus, the good environment and conditions of Taiwan, with its stability and harmonious economic development, will be completely spoiled. Will it do any good for Taiwan's economy and the Taiwan people? The advantages and disadvantages of the two propositions are very clear.

Some people say the living standard of the Taiwan people is higher than that of mainlanders and that implementation of "one country, two systems" will not bring anything to the Taiwan people; on the contrary, they would only be harmed. True, the living standard of the Taiwan people is much higher than that of the mainlanders. But to my mind, things are always varied. The living standard in all areas of Taiwan is not the same, nor is it the same between its eastern and western parts. On the mainland, the living standard in Shanghai, Jiangsu, and Zhejiang is also not the same as in the northwest; but this does not affect the northwest as a part of China. Looking at the "one country, two systems" concept, both Taiwan and the mainland are component parts of the PRC. As a special administrative region, Taiwan would maintain its original social system and independent judiciary. Ultimate jurisdiction would not go to Beijing. Taiwan may also have a separate budget and the mainland will not collect any taxes or apportion any duties. How then can this harm the interests of the Taiwan people?

Some people continue to doubt the feasibility of the "one country, two systems" concept, saying it seems very difficult to implement "two systems" within "one country." I hold that whether it is feasible depends first on the sincerity of the two parties. I believe the CPC is sincere, and everyone who has studied in-depth the CPC's current policies will reach the same conclusion. Second, all this depends on whether there are legal guarantees. China is gradually completing and perfecting its legal system. That special administrative regions will be set up respectively in Taiwan and Hong Kong, with social systems that differ from the mainland, has already been recorded in the state Constitution. Further explicit stipulations may be made on many other issues through talks and negotiation. Third, it all depends on people's will. The concept of one

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country, two systems, peaceful coexistence, refraining from injuring each other, all this has given expression to the common wish of people on both shores for building the motherland and invigorating the Chinese nation. No serious party will violate any of this. To do so would be to lose honor before the people, as well as international society.

The CPC is now more mature than in the past. It is impossible for the CPC to go back on its word.

I am happy to find that many friends and scholars of Taiwan origin, including some nonparty personalities who once held different opinions on these issues have changed some of their views. This is based on recent contacts with them and on articles I have read. I believe one day they will approve of the "one country, two systems" concept. We are looking forward to the day when the great unification, unity, and invigoration of China will come true.

CHINA POST ON U.S.-TAIWAN RELATIONS UNDER TRA

OW100635 Taipei CHINA POST in English 6 Feb 86 p 4

[Editorial: "Discussion of U.S. Ties With ROC"]

[Excerpt] In a Senate Foreign Relations Subcommittee hearing Feb. 4, a discussion was held between Senator Jesse Helms, Rep.-N.C., on one side and new U.S. Ambassador to Indonesia Paul D. Wolfowitz and new Assistant of Secretary of State Gaston J. Sigur Jr., on the other as to present U.S. relations with the Republic of China [ROC] and the Chinese mainland.

Senator Helms voiced his concern about maintaining continued strong ties with the Republic of China at the confirmation hearing of both appointees. Both contended that U.S. ties with Taiwan under the Taiwan Relations Act (TRA) do not conflict with U.S. relations with mainland China. Sigur told Helms that in the 1982 communique with Peking "we agreed to the reduction of arms sales to Taiwan -- based on the fundamental policy of the Chinese for settling by peaceful means the Taiwan question." He said, "I don't see any conflict between the (1982) communique and the Taiwan Relations Act," passed by Congress in 1979 and providing for unofficial relations with Taiwan until the "Taiwan question" is peacefully settled.

It is unfortunate that Sigur failed to see any inconsistency between the joint communique and the TRA as the joint communique is merely an executive agreement while the TRA is the law of the land and the Act must preempt the executive agreement. Moreover, the Chinese Communists have not lived up to the condition of the 1982 joint communique of peaceful settlement of the so-called Taiwan question. Instead, Chao Tzu-yang and other Chinese Communists have openly threatened to invade Taiwan by force in 8 to 10 years. How could the United States implement the joint communique in view of the Chinese Communists' violation of the fundamental policy of peaceful settlement of the so-called Taiwan question?

Senator Jesse Helms' concern about maintaining strong U.S. ties with the Republic of China was therefore quite justified and not unfounded in the least. He pointed out at the hearing that President Reagan and his administration are under pressure to revise the existing policy on the ROC by asserting that "not only would it be immoral for him and his administration to change our commitment to Taiwan, it would be the worst possible statement to our other friends" about U.S. reliability.

A thorough review of the Reagan administration's implementation of the TRA is indeed long overdue. As Senator Barry Goldwater has announced his intention of holding such a hearing, the American people will have an opportunity to learn who are betraying the Taiwan Relations Act's fundamental purposes and objectives and lobbying in favor of the Chinese Communists. If such betrayal is so, the people of the Asian and Pacific region deserve to know that their vital interests and security would not be further compromised or even endangered. The people of the Republic of China have the right to know who our true friends are and who our potential enemies -- posing as friends -- are.

KOREAN CROSS RECOGNITION SCHEME EXAMINED

OW071145 Taipei CNA in English 1025 GMT 7 Feb 86

[Text] Taipei, Feb. 7 (CNA) -- A local newspaper Friday called on the nation to watch closely the development of the proposed cross recognitions between the United States, Japan, the Soviet Union and Communist China and North and South Korea. The UNITED DAILY NEWS said in an editorial that the idea was apparently initiated by the United States. The United Nations and some other countries, including France, India, and Japan also have helped promote the proposal. A recent statement by South Korean Foreign Minister Yi Won-kyong on the cross recognition problem hinted that the past contacts among the parties concerned might have yielded some results, the editorial pointed out.

The UNITED DAILY NEWS opined that Yi's remarks clearly reflected a change in South Korea's position on the proposed cross recognition. Seoul originally opposed the arrangement, but it now supports the scheme, the paper said. The realization of the scheme, however, depends on the attitude of North Korea, the paper noted. North Korean leader Kim Il-Song has been opposed to the plan, and there is little possibility that Kim will change his mind overnight, the paper said.

But Kim is aging and prepared to pass political power to his son. The paper thus did not rule out the possibility that North Korea might accept the proposal in exchange for the withdrawal of U.S. Armed Forces from the Korean peninsula.

PROGRESS MADE IN WEAPONS SYSTEM DEVELOPMENT

OW070531 Taipei CNA in English 0300 GMT 7 Feb 86

[Text] Taipei, Feb. 6 (CNA) -- The Executive Yuan said Thursday that it has already made significant progress in the research on and development of advanced weapon systems, thus helping the nation's Armed Forces improve their defensive, offensive and mobilization capabilities. The yuan pointed out that over the past one year, ROC [Republic of China] Army units have completed deployment of defensive missiles at all strategically important positions, and the Navy was also making vigorous efforts to build up a fleet of advanced combat ships and improve its development along the coasts.

In the coming one year, the Air Force will continue its efforts to develop high-performance fighters, establish a task force capable of carrying out bombardment and attack missions, and improve its electronic defense command system so as to increase its combat capabilities.

In a written report to the Legislative Yuan on the nation's defense affairs in the first half of fiscal 1987, the Executive Yuan said that at the present stage, the priorities in the development of defense technologies are placed on the improvement of the weapon systems for countering air and sea offensives. On the other hand, the government will stick to the principle of developing those weapons systems with multiple purposes.

The yuan said the government will continue to develop high-performance fighters, missiles, a control radar system, and updating its naval weapons and surveillance equipment, and make evaluation of the armed forces' overall combat capabilities in accordance with the established defense policy and the development of the situation of the China mainland.

TAIPEI JUSTIFIES BAN ON NEW POLITICAL PARTIES

OWI00143 Taipei International Service in English 0200 GMT 8 Feb 86

[Station commentary]

[Text] Among the questions most often asked of Republic of China [ROC] officials is why the ban on new political parties cannot be lifted. The ROC is a free and democratic country with three political parties. But one, the Kuomintang or Nationalist Party of China, is dominant. The Young China and the Socialist Democratic Parties are largely negative and elect few candidates. However, citizens are free to run in all elections and many nonpartisans have been successful.

The Executive Yuan or cabinet recently asserted that it has no plans to open the electoral process to new parties within the foreseeable future. The reasoning is clear and to the point. Free China faces what the cabinet has described as an extraordinary situation in which the Chinese Communists have not renounced the use of force against it. Therefore, to assure social stability and solidarity, it is not appropriate to sanction the formation of new political parties. To spell this out in more detail, adequate political representation of all points of view -- except that of communism -- the three extant parties, and the permissibility of nonpartisanship are quite sufficient. Democracy does not require 2 parties or 10. The necessity is that there be opposition, and that clearly exists.

With the communists bent on power by violent means, the admission of new parties to the political field inevitably would allow their representatives and sympathizers to bid for power. Who wants new political parties? Obviously, the communists or those in league with them.

Additionally, several difficult problems remain to be solved for the political unification of China. The communists are in control of the mainland, so all-China elections cannot be held. Lawmakers who came to Taiwan with the government in 1949 hold permanent office in the Legislative Yuan, the National Assembly, and the Control Yuan until the mainland is free once more. New blood has been added to the national political bodies through additional representatives for Taiwan and the filling of vacancies. Local governments have been developed at provincial, central cities, and the lower levels. In other words, the Republic of China has been as free and democratic as the circumstance of a continuing pro-communist rebellion would permit.

The destruction of the Republic of China in the name of democracy would achieve nothing less than concurrent destruction of freedom and democracy. An additional political party or parties could contribute to this result. Whether the Republic of China eventually becomes a country of many parties or two or three will have to await the final resolution of the China problem. For now, the position of the Executive Yuan provides a guarantee of free survival for the Republic of China and the 19 million people of Taiwan to fight on to assure that all the more than a billion Chinese will enjoy the heritage of Confucianism and the Three Principles of the People, nationalism, democracy, and social welfare.

HU, ZHAO CITED ON HAINAN AUTOMOBILE CASE

HK130647 Hong Kong WEN WEI PO in Chinese 13 Feb 86 p 1

["Special Dispatch" by staff reporter from Guangzhou: "Hu Yaobang, Zhao Ziyang Inspected Hainan on Different Occasions and Talked About the Automobile Case"]

[Text] Guangzhou, 11 Feb -- CPC Central Committee General Secretary Hu Yaobang and Premier Zhao Ziyang respectively arrived at Hainan Island before and during the Spring Festival. During his stay at Hainan Island, Hu Yaobang called a meeting of party, government, and Army cadres at various levels, inspected various parts of Hainan, and gave fairly clear-cut instructions on various issues, such as Hainan's continued opening to the outside world and its construction, which have drawn widespread attention at home and abroad following the automobile case.

Hu Yaobang called on Hainan's cadres at all levels to extricate themselves from the automobile case, to understand the case from a positive aspect, to sum up lessons and experiences, and to correct their mistakes. They need not let it weigh on their minds and give them a sense of inferiority. He held that Hainan enjoys exceptional advantages. It has favorable natural conditions that can be developed and used. For instance, it can vigorously grow industrial crops and develop the fishing industry. Situated in the subtropical zone, two-thirds of Hainan's area is most suitable for the development of tourism. If it can make a success of this, it can attract more than a million tourists to Hainan each winter. This will represent an inestimable income. If this income is used in construction, there will be wonderful prospects for Hainan. Improvement in the living standards of the Hainan people will also be just around the corner. Hu Yaobang reportedly placed high hopes on, and gave encouragement to, Lei Yu, former leading cadre of the Hainan Administrative Region who had been transferred to another post. He held that he "is bold and resolute in his work and has drive. It will be good if he can realize his mistakes and correct them." After leaving Hainan, Lei Yu was assigned to Guangdong's Conghua County and worked as deputy secretary of the county CPC Committee.

After the central authorities criticized Hainan for the automobile case and instructed it to correct its mistakes, Hainan was in financial difficulties because the imported commodities and huge sum of money derived from profiteering were confiscated. But the central authorities understood Hainan's need for construction funds. In 1985 the state allocated several hundred million yuan. In his recent inspection tour to Hainan, Zhao Ziyang also made decisions in light of the practical conditions there. In the financial budget for 1986, the central authorities have reduced Hainan's tax payments by several hundred million yuan in order to alleviate its financial difficulties.

ZHAO ZIYANG INSPECTS SHANTOU ECONOMIC ZONE

HK070721 Hong Kong WEN WEI PO in Chinese 6 Feb 86 p 1

["Special Dispatch From Guangzhou" on 5 February: "Zhao Ziyang Inspects Shantou Special Zone"]

[Text] Premier Zhao Ziyang of the State Council, accompanied by Hu Qili, secretary of the CPC Central Committee Secretariat, and Tian Jiyun, vice premier of the State Council, inspected the Shantou Special Economic Zone from 3 to 5 February. Zhao Ziyang felt that the Shantou Special Economic Zone had achieved more results with less investment and that the road taken by the Shantou Special Economic Zone is a correct one.

During their visit to Shantou, Zhao Ziyang and other members of his delegation went to see the Shantou Special Economic Zone products exhibition and also went to the joint venture 3,000-ton container and bulk wharf to see the operating area of the wharf and watch the workers there. Zhao Ziyang also went to the Jinglong Textile, Dyeing, and Clothes Manufacturing Co Ltd, the Huadabao Porcelain Manufacturing Co, the Yixing Enterprise Co Ltd, and the Zhengda (Shantou) Carpet Factory, all of which are enterprises independently owned by Hong Kong and Macao businessmen. While visiting these enterprises, Zhao Ziyang talked with the managers of these enterprises and got first-hand information about the situation of the enterprises in the special economic zone.

During his stay in the Shantou Special Economic Zone, Zhao Ziyang and other members of his delegation listened to a report by Liu Feng, the director of the Administrative Committee of the Shantou Special Economic Zone, and expressed their appreciation of the achievements gained by the special economic zone.

BO YIBO ON ALL OFFICIALS BELONGING TO CPC

HK070719 Hong Kong WEN WEI PO in Chinese 4 Feb 86 p 2

["Special Dispatch": "Bo Yibo on Malpractices Involving Party Members"]

[Text] Bo Yibo, vice chairman of the Advisory Commission and permanent vice chairman of the Commission for Guiding Party Rectification of the CPC Central Committee, held that the phenomenon in which "if one does not join the party, one will never become an official and all officials are party members" should be "thoroughly studied and solved."

Bo Yibo made these remarks when he recently wrote comments on a report of related materials. In the written comments, he said: Ours is a party in power. Over the last 3 decades or more, a situation in which "office cadres (officials) at various levels are all Communists" emerged before we knew it. Only Communists can be officials. However, without the participation, both direct and indirect, of Communists in encouraging unhealthy practices, these unhealthy practices would not have become, in a certain sense, so "popular." This is because our "legal system is not sound and perfect and officials are not subjected to the supervision of the people" and moreover, "the idea of party members being servants of the people seems not to have been stressed for some time, still less to be practiced." He said: This is "the conclusion" he "drew from party rectification work lasting for several years."

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